

Exploring the impact of procurement on sustaining small and medium enterprises in Mpumalanga

B. T. Makgaka

 orcid.org/0000-0003-2198-0979

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Supervisor: Prof T E du Plessis

Co-Supervisor: Prof AR Lotriet

Graduation: June 2023

Student number: 32918585

DECLARATION

NWU SCHOOL OF BUSINESS AND GOVERNANCE

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ABSTRACT

SMEs are perceived to be the drivers of most nations socio-economic development agenda, yet limited studies have focused on the impact of procurement practices on sustaining SMEs. Despite the efforts of the government to shepherd the growth and development of SMEs through public policies and declarations, the failure rate of SMEs globally, including South Africa, is high. The main aim of this study was to explore the impact of procurement processes on sustaining SMEs in the Mpumalanga Province of South Africa. Four research objectives were explored using a quantitative research methodology that followed a descriptive research design. About 40 questionnaires were self-administered, and they were all completed. Descriptive statistics and inferential statistics were used to analyse data. Results were presented using pie charts and graphs. Results show that factors such as lack of appropriate legislation to regulate the procurement process, lack of training, and slow adoption of technology affect the sustainability of SMEs. The procurement process requires adequate knowledge of the various legislative frameworks to achieve compliance. As revealed in the results, most SME owners and managers lack the orientation to the procurement process. Adopting e-procurement technologies, training, and improving access to finance are the major strategies identified to be useful for sustaining SMEs. The study recommends a participatory and collaborative approach to solving challenges faced by SMEs. The process and legal frameworks must be straightforward, and easy to understand to encourage the development and sustenance of SMEs in South Africa.

Keywords: Procurement; Sustainability, SMEs, South Africa

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LIST OF ACRONYMS

BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
GEM	Global Entrepreneurship Monitor
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
PPPFA	Preferential Procurement Policy Framework
SMEs	Small and Medium Enterprises

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CHAPTER 1: SCOPE AND NATURE OF THE STUDY

1.1 Chapter overview

This study explored the impact of procurement processes in sustaining small and medium enterprises in Mpumalanga province. The main aim was to understand the current procurement practices which sustain small and medium enterprises. Until recently, the concept of sustainability has been echoed from various corners of the business and has become more important than before. In this study, a quantitative research methodology was used to understand the problem under study. A descriptive survey research design was followed. This is an important study that seeks to identify pathways for entrenching the sustainability of business practices such as procurement. Effective employment of sustainability measures is considered to improve profitability while preserving the environment.

1.2 Background

In South Africa, the dawn of democracy impeded the government from adopting procurement strategies to avail economic opportunities for Black business owners. This was used to address the socio-political and economic injustices of apartheid, which excluded Black people from crucial economic activities (Grey, 2021:15). The new ideological position which emerged in the democratic state prioritised the growth and development of Small and Medium Enterprises (SMEs). These business entities were generally pursued by groups of people that were considered to have been previously disadvantaged in the mainstream economy of the country (Mutezo, 2018:12). This agenda was propelled through the establishment of laws and legislations to create a conducive environment to transform the economic landscape to favour emerging enterprises (Mudzhedzi, 2016:8). It is in this regard that this study investigates the impact of procurement processes on sustaining Black owned and controlled companies.

According to Shai, Molefinyana & Quinot (2019:3), South Africa provides a good example of a formalised system of using procurement to leverage the indigenous populations social and economic growth and development. The apartheid system led to the discrimination of the majority population in every aspect of society. This

population group comprises Coloureds, Indians and black Africans in South Africa. The apartheid system deliberately prevented this group from getting access to goods and services, fair opportunities to own businesses, senior employment positions and management. Such opportunities were reserved for a White minority group. The democratic dispensation, therefore, had a mandate enshrined in the constitution, to redress the inequalities of the previous system in the social, economic and political sphere.

As a strategy to uplift the previously disenfranchised group, the government committed to the constitution of SMEs. SMEs are considered the driver of economic development, and play a significant role in creating employment opportunities for a large population segment. Maressa (2017:32) avers that SMEs can assume the form of a sole proprietorship, partnership or company. It is common for SMEs to be owned and controlled by an individual or a smaller collection of individuals. Many SMEs are owner-managed and as such, they make many crucial decisions regarding business functions such as marketing, financial, personnel, procurement, and production (Asunka, 2017:170). It is on this understanding that perceptions about SMEs vary considerably depending on individuals and contexts in which they exist (Berisha & Raghurama, 2017:15). The categorization of SMEs also depends on a broad category which includes the number of workers, total net worth, annual sales, the value of products, and the legal status (Tshikovhi & Sibanda, 2022:6). It is based on these criteria that SMEs are grouped into micro, medium, and macro or large-scale companies.

The intention of the government to use public procurement as an instrument to realise socio-economic goals was noticed in the crafting of relevant policies and legislation. The Constitution of South Africa 1996 provides the foundational stimulus for legislation and policies governing Black economic empowerment in the nation. This was buttressed by other provisions such as the Green Paper on public procurement reform 1997, the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and the Preferential Procurement Regulations (PPR) promulgated in 2001 (Shai et al., 2019:11). The PPR effectively put the PPPFA into action and outlined the point system and criteria for allocating preferential treatment in the process of assessing public tenders. This ultimately led to the design and

implementation of the Broad-Based Black Economic Empowerment (BBBEE), which was initially known as Black Economic Empowerment (BEE). Notwithstanding these government efforts to address the past injustices, South Africa has remained an example of the unequal society in the world, with a Gini coefficient of 0.63 (World Bank, 2018:23). This means that high inequality still prevails in the country, however, the current government policies are aiming at reducing the level of inequality as the coefficient move closer to 1. Posel et al. (2020:103) state that the Gini coefficient is a globally used measure of income inequality in countries. It ranges from 0 to 1, where 0 stands for complete equality and 1 represents complete inequality. Statistics South Africa (2021:14) also states that 49.2 per cent of the adult population in the country lives in abject poverty, with most of the poor remaining the Black people. It is believed that of every five Black Africans, three fall into the category of the poor.

BBBEE is a legislative policy intervention designed to promote economic transformation by encouraging meaningful participation of black people in the economy (Shai et al., 2019:8). This intervention strives to extricate Black people from the peripheries of the South African economy. A legislative framework in the form of The Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013 was enacted. The Codes of Practice were issued by the Minister of Trade and Industry to guide the process of implementing the BBBEE legislation. The code of practice may take the form of a business-wide document or sector-specific codes. Companies are not compelled to adopt and implement them in full, as these merely guide the elements that entities need to consider in practice (Fourie and Malan, 2020:13). The codes are not sector specific but are generally divided into ownership, management control, skills development, new enterprise and supplier development, and socio-economic development. This implies that five elements are considered during BBBEE verification as a vehicle for the procurement of goods and services. The verification process awards certificates to Black-owned SMEs based on their performance in the identified business areas.

Mapanga and Garidzirai (2021:14) conducted a study on economic empowerment in Botswana. They established that Citizen Economic Empowerment is integrated

into the country's development planning processes and encourages a business culture among citizens. Countries such as Ghana, Kenya, and Uganda have managed to reform their public procurement to ensure that small and emerging players are provided with the latitude to grow and develop (Oestmo, Janssen & Cawthra, 2020:34). The focus went beyond the set regulations and interrogated the processes done, methods employed, administration structure and personnel responsible for procurement (Oestmo et al., 2020:5). Myeza et al. (2021:17) observe that a properly structured procurement leads to improved transparency and efficiency. There has been a need in most countries even to train procurement specialists to facilitate a friendly procurement regime. The complaints from individuals participating in procurement have indicated that the training sessions are usually out of context and do not adequately equip trainees to improve the socio-economic variables they would deal with in practice.

In South Africa, the lack of skilled supply chain management personnel has contributed to poor implementations in the procurement landscape (Tshikovhi & Sibanda, 2022:13). The fact that the procurement process is placed in the arena of people who are usually not fully skilled and meant to benefit a group of people that is still striving to find its stranglehold in the business sphere has attracted general business growth and sustenance challenges. Even though the South African government has developed procurement programs that are intended to assist in the quest to drive the empowerment effort for people engaged in SMEs, the area still experiences sustenance hiccups. Based on this scenario; this study investigates the impact of procurement processes on the growth and sustenance of SMEs in Mpumalanga province.

1.3 Problem Statement

SMEs are perceived to be the drivers of most nations socio-economic development agenda, yet limited studies have focused on the impact of procurement practices on sustaining SMEs. They contribute significantly to the Gross Domestic Product of the country through the creation of jobs, poverty alleviation, and propelling entrepreneurship (Garadag 2016:22). Dhanah, (2016:11) states that SMEs in developing countries contribute 60% of Gross Domestic Product (GDP) and more

than 70% of total employment in South Africa contribute 56% of employment in the private sector and 36% of the GDP. This role of SMEs provides part of the reasons behind the promulgation of regulations and policies to support the establishment and development of new business ventures in the economic sphere. In South Africa, the government has made deliberate efforts to support groups of people that were previously disadvantaged in various areas of social, economic, and political life (Botha, Smulders, Combrink & Meiring 2020:541). This is part of the social justice movement, which took shape at the dawn of democracy in 1994.

Several legislations and policy frameworks were proposed to incubate, develop, and integrate SMEs within the country's mainstream economy. The Constitution of South Africa 1996 provides the foundational stimulus for legislation and policies governing economic empowerment in the nation. This is the great stand upon which SME business is anchored. The constitution was buttressed by other provisions such as the Green Paper on public procurement reform 1997, the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and the Preferential Procurement Regulations (PPR) promulgated in 2001 (Chikwere et al., 2019:8). The PPR effectively put the PPPFA into action, outlined the point system and criteria for allocating preferential treatment in the process of assessing public tenders. This ultimately led to the design and implementation of the Broad-Based Black Economic Empowerment (BBBEE), which was initially known as Black Economic Empowerment (BEE).

Procurement was, therefore, used as a crucial component for the development and sustenance of SMEs. The government facilitated the creation of conditions to support primarily Black owned and controlled small businesses through easing the way in which they get resources, goods, services, and development preferences in a profoundly competitive business environment (Tshikovhi, 2019:13). Above all, the goods and services were needed to be obtained with fairness, equitability, transparency, competitiveness, and cost-effectiveness (Munzhedzi, 2016:5). Despite the efforts of the government to shepherd the growth and development of SMEs through public policies and declarations, the failure rate of SMEs globally, inclusive of South Africa is high, standing at 75 percent (Bureau of Economic research, 2021:7). Available research has focused on general challenges that

impede the development of SMEs such as shortage of requisite knowledge and skills, shortage of raw materials, expensive equipment, lack of financial support and high interest rates (Smulders, Combrink & Meiring, 2020:4). This study strives to clog the existent dearth regarding the impact of procurement processes on sustaining SMEs in Nkangala District in Mpumalanga province.

1.4 Research Questions

The study's primary research question was developed as follows: What is the impact of procurement processes on sustaining SMEs in Nkangala District in Mpumalanga Province? To answer the main research question, the following sub-questions are raised:

- What is the level of understanding of the legislation on procurement in sustaining SMEs in Nkangala District in Mpumalanga Province?
- What factors influence procurement in sustaining SMEs in Nkangala District in Mpumalanga Province?
- What are the challenges confronting procurement processes in sustaining SMEs in Nkangala District in Mpumalanga province?
- What strategies can be adopted to improve procurement processes in sustaining SMEs in Nkangala District in Mpumalanga Province?

1.5 Research Objectives

This section articulates the primary and secondary research objectives of the study.

1.5.1 Primary Objective

The study's primary objective is to explore the impact of procurement processes on sustaining SMEs in Nkangala District in Mpumalanga Province. To achieve the study's primary objective, secondary objectives were drawn, detailed in the next section.

1.5.2 Secondary Objectives

The secondary objectives outlined hereunder were used to achieve the primary objective:

- Explore the level of understanding of the legislation on procurement in sustaining SMEs in Nkangala District in Mpumalanga Province.
- Identify factors influencing procurement in sustaining SMEs in Nkangala District in Mpumalanga Province.
- Examine the challenges confronting procurement processes in sustaining SMEs in Nkangala District in Mpumalanga province.
- Establish strategies that can be adopted to improve procurement processes in sustaining SMEs in Nkangala District in Mpumalanga Province.

1.6 Research design

A research design is described as a strategy or plan that is adopted to select research participants, data collection methods, and data analysis techniques (Sileyew, 2018:46). It is also defined by Bloomfield and Fisher (2019:28) as a protocol or plan that is employed to accomplish a research endeavour. This study used a descriptive survey design to investigate the impact of procurement on sustaining SMEs in the Nkangala District. The descriptive design provides an accurate picture of a research process regarding the location of new relevant data, articulates the sequence of activities and captures the process of causation. Using quantitative processes and procedures helped to gain a deeper comprehension of the phenomenon under study and realise an insightful interpretation of findings.

1.6.1 Target Population

Research population relates to the whole group of people with the potential to participate in a study and whose characteristics are homogeneous (Polit & Beck 2017:785). Jantjies (2016:24) describes a target population as a group in the universe with specific characteristics that interest a study. The universe involves all participants who exhibit attributes which are imperative in research. The target population for this study comprised all SMEs in Nkangala District Municipality in Mpumalanga Province. These are companies with 51 per cent shares held by the Black indigenous population. The companies also had a business relationship with Exxaro Resources, registered with the Johannesburg Stock Exchange. The companies are expected to own a vendor number. According to Nkangala

Municipality (2021:18), there are more than 2000 SMSs in the entire Nkangala District Municipality.

1.6.2 Sampling Techniques

Sharma (2017:749) describes sampling as a technique or procedure that researchers use to select a small number of participants who represent a large population and from whom research data is collected. The sample influences the validity of the findings, so it must be representative. There are two methods of sampling, which are probability and non-probability sampling. Probability sampling was the most appropriate based on the form of data gathered in this study. Obayopo (2017:73) describes probability sampling as a method that uses a random selection of participants. This study used simple random selection to choose SMEs to participate in the study. The researcher also used purposive sampling to select company directors or managers to respond to questionnaires. Purposive sampling involves the selection of participants for the study based on judgements pertaining to some characteristics (Creswell and Creswell, 2018: 15). In this study, simple random sampling was used to ensure that all business entities (SMEs) have an equal chance of selection for participation and to enhance the objectivity of responses. Participants were selected based on their rich knowledge of the impact of the procurement processes on sustaining SMEs in Nkangala District in Mpumalanga Province.

1.6.3 Sample Size

A research sample denotes a subset of the population drawn to provide information that reflects the population (Creswell and Poth, 2018:52). The sample is defined by Headley and Piano-Clark (2020:145) as the collection of people selected from the population and from whom data is gathered. It is chosen because of its representativeness of the population in terms of the essential characteristics that are of interest in the study. For the study to be representative, the size is essential. The researcher needs to ensure that a few participants do not negatively influence data. The bigger and more representative the sample, the better the results. The sample size influences the confidence level, population size, budget, time, and margin of error percentage. This study adopted Yamane's formula with a 5% margin of error (Onyeze, Ebue & Ekwueme, 2019:221). This gave a sample of 331 from

2000 SMSs in the entire Nkangala District Municipality, which was derived as follows:

n = Sample

N = Population

e = Margin of error

$$n = \frac{N}{1 + N(e)^2}$$
$$2000 / (1 + 2000 \times (0,05)^2)$$
$$2000 / (1 + 5)$$
$$333$$

1.7 Inclusion Criteria

The inclusion criteria were based on the aspects mentioned below because these are emerging companies, and their procurement practices have not been given appropriate attention. The requirements were as follows:

- Black-owned and controlled companies (51 per cent black-owned)
- SMEs registered with BBBEE

1.8 Exclusion Criteria

Companies which were not black-owned were excluded because they did not represent the objectives of the study and did not conform to the government initiatives for BBBEE. The exclusion criteria were as follows:

- Not 51 per cent Black owned and controlled companies
- Companies not registered with BBBEE

1.9 Data Collection Methods

Gundry and Deterding (2018:30) aver that data collection involves selecting participants and soliciting research information from them. Data was collected from directors or managers of SMEs in Nkangala District in Mpumalanga Province. Quantitative data was collected using semi-structured questionnaires. Questionnaires are the most used method of data collection in survey research. The strength of using the questionnaire method hinges on the easiness with which data

from the instrument is analysed. The collected data can also be transformed into quantifiable outcomes.

1.9.1 The measuring instrument

A structured questionnaire was developed based on the research purpose and objectives (See Appendix 1). The questionnaire items were formulated in English because the study participants were literate individuals who could read and write. The questionnaire contained an instruction requesting participants to indicate their opinions about the options provided in the 4-point Likert scale of strongly agree, agree, strongly disagree, and disagree. The questionnaire was divided into two sections. Section A composed of the biographical data information, and part B content information relating to the impact of procurement on sustaining SMEs. The first part required research data related to the age, gender, and qualifications of participants. The second part contained 16 questions pertaining to the level of understanding of legislation on SMEs, factors influencing the procurement function in the companies, the challenges experienced and possible strategies to improve the procurement process in the selected entities. Therefore, a structured questionnaire was appropriate as it facilitated the collection of research data in a formalised manner with questions arranged in an orderly structure of coded items (Gilow, 2020:46).

1.9.2 Pre-testing the pilot questionnaire

The structured questionnaire schedule was piloted with directors/managers and officials in the procurement department to establish their opinions on the impact of procurement on sustaining Black owned and controlled companies in Mpumalanga province. The instrument was administered to workers in three selected companies that are commercially linked to Exxaro resources. This was done to validate the questionnaire items. The pre-testing process revealed errors and ambiguities in the instrument so that modifications could be made for its improvement.

1.9.3 Data collection procedure

Data collection procedure relates to the strategy or steps taken to collect data for research analysis. The researcher obtained information on the SMEs that were registered with BBBEE. The BBBEE certificates were requested from the SMEs as

proof that they are Black-owned and controlled. For some companies, the BBBEE certificate is listed on the company's website. This means the certificate is public. For other companies, the certificates were also requested. The contact details of the companies were obtained from Nkangala District Municipality. The companies were informed about the research and the purpose thereof. Their consent to participate was sought prior to their inclusion in the data collection process. Questionnaires were distributed online using contact details, emails and phone numbers obtained from Exxaro resources. The researcher informed participants by phone to arrange for data gathering prior to and after emailing questionnaires to increase response and return rates.

1.9.4 Data analysis

Data analysis involves arranging the collected information in such a manner that it produces meaningful patterns that can be used for a deeper understanding and decision-making. Adams (2017:24) presents data analysis as a method to reduce and organise data to produce results which communicate meanings to the audience. Descriptive statistical analysis was used to summarise the quantitative data collected using questionnaires. The Social Psychological Services for the Social Sciences (SPSS) version 25 was used in the analysis process. Data was presented in the form of mean, standard deviation, frequency distributions and percentages. The summary of data and the profile of the target population were conducted through the performance of a reliability test, which was administered using Cronbach's Alpha coefficient. Regression analysis was used to establish the relationship between the procurement function and the sustenance of Black-owned and controlled companies.

1.10 Validity and Reliability

The aspects of validity and reliability are quite central in establishing the accuracy of the research results. This section addresses the concepts of validity and reliability that concern this study.

1.10.1 Validity

Validity is concerned with the ability of the instrument to measure that which is supposed to be measured (Taherdoost, 2016:28). It is the degree to which a

standard test achieves outcomes for it is anticipated to produce. Gundry and Deterding (2018:305) argue that validity is the extent to which research captures the reality for which it was conceived to expose. This study addressed validity by selecting a representative sample and pre-testing the instrument to establish content validity. This ensured that the sampled participants reflected the characteristics of the entire population.

1.10.2 Reliability

Reliability relates to the degree to which the findings of a study can be replicated. It is possible that the outcomes of an investigation will be simulated in a similar context. Gundry and Deterding (2018:305) believe that reliability is the level at which the test items measure the same concept of a construct. This suggests that the internal consistency of test items needs to be obtained before the administration of the instrument to realise valid outcomes. In this study, the reliability of the research results was ensured by pre-testing the questionnaire. In addition, the Cronbach Alpha test for reliability was conducted. This was done to enhance its efficiency.

1.11 Ethical Considerations

Ethics are defined as principles that differentiate between what is acceptable and unacceptable (Resnik, 2020:26). It is the distinction between moral and immoral in research practice. Research has its central role to enhance existing knowledge or develop new understanding. This means that research has a great influence on shaping policies that are adopted in business practices and social life. Ethical considerations place a significant responsibility on the researcher to ensure that ethical principles are followed in the conduct of a study. The following ethical issues were considered in this study. The permission to carry out the study was granted by the North-West University Ethics Department (Ethical Clearance number: 29102021) (see Annexure 3).

1.11.1 Permission to conduct the study

Data must be accessed through official means. If a minor or a vulnerable member of society was involved, steps were to be taken to protect them. In this regard, permission to embark on this study was granted prior to field entry. Ethical clearance was requested from the North-west University Ethics Committee to offer

approval for the collection of research data. With permission from the host University, the researcher obtained authorisation to conduct the study from the selected SMEs. This permission allowed the researcher to approach individual participants to solicit data.

1.11.2 Informed consent

The researcher approached sampled SMEs to request the consent of participants regarding data collection. This means that those companies which are Black-owned and controlled and with BBBEE certificates were approached. The enterprises were in the Nkangala district in Mpumalanga. Management of SMEs was approached to seek approval to gather data. The researcher explained the research's purpose and seeks participants' consent before actual data collection (see annexure 2 for consent form). Participants were provided with consent forms and asked to sign them as proof of voluntary participation in the study. The researcher had no close or personal relationship with the participants of this study, did not work in the target site and had no conflict of interest to declare.

1.11.3 Confidentiality

Participants were assured that the details of the participant's would not be shared. The analysed data was displayed graphically, reflecting all participants. No financial or non-financial incentive was used to encourage participants to participate in the study. Information that was shared in confidence was treated as such and not disclosed to anyone prior to obtaining approval from the party that shared the information. The real names of participants were not disclosed. The final report does not mention individual company names or individual participants; rather, the findings were reported as group data. The researcher made use of numbers rather than names to identify individuals.

1.12 Significance of the Study

The research provides insights into the procurement patterns of SMEs. It also contributes towards reflecting on the importance of the BEE legislation and the Mining Charter in the mining sector. This study contributes to the body of knowledge by serving as an evaluative framework for the effectiveness of the BBBEE legislation in building and sustaining SMEs. The study could assist policymakers in

identifying areas that require improvement in the legislation. Furthermore, it exposed existing trends and patterns in the procurement mechanisms in the context under study. It also attempts to influence SMEs to infuse corporate governance principles to enhance organisation performance and sustenance. In this regard, the marketing and funding of such companies may be brought into question.

1.13 Limitations of the Study

The sample of the study was only confined to SMEs in Nkangala District Municipality. There are many SMEs in South Africa dealing in numerous business sectors, but for the purpose of this research, it was not practical to engage them in their entirety. The study is also only confined to SMEs in the mining sector. The study's success depended on the companies' willingness to participate meaningfully. The focus of the study on the quantitative methodology limits its scope in terms of methodological triangulation which limits the generalisability of the study

1.14 Chapter Summary

This chapter articulated the background of the study, which outlines the schools of thought on the impact of procurement processes on sustaining SMEs. The statement of the problem indicates that SMEs are an important for their contribution to the economy but they are experiencing challenges in the procurement process. From the statement of the problem, objectives were articulated, including the research questions. The chapter also highlighted the significance of the study and the limitations of the study. Other issues discussed in this chapter include the population, sampling, data analysis, research instruments and ethical considerations.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter is an overview of the impact of procurement on sustaining SMEs. The first section elaborates on the theoretical framework which underpins the study. Particular attention is on the social justice and the organisation theories. These

two theories are crucial for grounding the study in the South African context. In discussing other issues surrounding the impact of procurement on sustaining SMEs, an inverted pyramid approach was used to review perspectives of procurement from international and regional down to South Africa. In so doing, the major themes which were interrogated include, the definitions of procurement, factors that influence the procurement process, and challenges facing SMEs during the procurement process, which are mainly corruption, fronting, lack of entrepreneurial drive, lack of knowledge, and funding. Furthermore, the chapter also delves into strategies that can be adopted to improve the procurement process. A wide range of authentic literature sources covering the subject under study can I get such as books, published journal articles, and reports, were consulted.

2.2 Concept of Procurement

Procurement is a concept where someone obtains something specific from someone else or a particular source (Grey, 2021:33). Nicoletti (2018:220) argues that while there is no single definition of procurement, one can describe it using the actual activities covered within the procurement process. These can be characterised as sourcing, supply, logistics, transportation, storing, movements, and distribution (Nicoletti, 2018:220). In essence, each organization is involved in the purchasing and supplying goods and services, and it should know from whom they are buying, how they are buying, and at what price they are buying. Piga and Schooner (2021:266) define procurement as an arrangement that offers previously disadvantaged groups jobs and business opportunities. In fact, procurement is used as a vehicle to transform, promote, and sustain small enterprises (Mullar & Claar, 2021:334). In South Africa, procurement involves the government setting up strategies to assist Black entrepreneurs in speeding up their progress in economic development (Tshikovi & Sibanda, 2021:10). Procurement is used to enhance economic empowerment and to address socioeconomic issues in South Africa, which emerged in 1997 with the introduction of the Green Paper on Public Sector Procurement Reform. This was basically, a move that was intended to facilitate the development of SMEs, create job opportunities, and ensure black people are politically, socially, and economically empowered (Qazi & Aopploni, 2021:13).

2.3 The global perspective of procurement in small enterprises

Many countries across the world have strategies to promote the establishment of small enterprises because of their contribution to economic growth and employment creation. Arruda (2021:1) avers that one of the major aspects that makes small enterprises grow is the procurement section which contributes about 60-80% of business expenditure (OECD, 2017:13). A study carried out in Denmark shows that small business depends on solid procurement function to improve their competitive advantage (Kanaan, 2021:79). In the United States, small business is heavily supported, and special programs are put in place to ensure that they gain enough support. One arm which is very crucial in the sustenance of small businesses is the development of supply chain networks (OECD, 2020:56). The Asian Development Bank (2022:4) indicates that the success of small enterprises in many Asian countries was influenced by procurement strategies which ensure that both suppliers and buyers are satisfied.

In Norway, entrepreneurial education can be epitomised by a “See the Opportunities and Make Them Work” strategy. This was short-lived, beginning in 1994 and ending in 2008. However, this heralded the continued training of entrepreneurs, which has become compulsory in schools. The United Kingdom also rolled out the Youth Entrepreneurship Strategy (Yes). This has lingered till today. These examples suffice as means by which entrepreneurial mindsets are cultivated in individuals to culminate in the establishment of SMEs. It is precisely the knowledge gained from such experiences that facilitate the grasp of processes that present themselves in procuring goods and services. Entrepreneurial mindsets are planted through education and forged into a culture over the years. In Japan, there is the Business and Entrepreneur Enhancement Program (BEEP). It involves a group of selected high school students who are provided with a teacher to lead them. They are instructed on issues such as developing a business plan, accounting, business law, marketing and leadership. The programs need to involve all interested parties so that those individuals unable to pursue tertiary academic studies can go the business route. Cultivating an entrepreneurial mindset develops

inquisitive minds that can withstand challenges and adapt to changes in life (Dladla et al., 2021:87).

Germany, the world's first country to have 99% of its economy being driven by small enterprises, provides a good reference when studying the success factors of small businesses. According to the Federal Ministry Report (2022:26), small businesses in Germany thrive out of a combination of enabling incentives which include the liberalisation of procurement laws. In addition, implementing a brake of bureaucracy in Germany, the country drastically reduced the cost of compliance for companies, including the modernisation of private procurement (EU, 2020:46). Breaking these barriers is critical, especially in African economies which have experienced unfavourable economic downturns.

In sub-Saharan Africa, the development and growth of entrepreneurs, akin to SMEs, has been generally linked to measures to alleviate poverty and unemployment (Gwadabe & Amirah, 2017:102). However, there is a need for a specific kind of entrepreneurial education specific to the actual practice. For example, a study carried out in Kenya indicates that the success of small businesses hinges on the ability of small enterprise owners to identify and develop long-lasting relationships with suppliers (Onsindu & Chirchir, 2020:50). However, Amayi (2020:52) argues that the procurement function should also work with other organisational functions such as the finance. In Zimbabwe, where persistent economic hardships constrain the small businesses' growth space, the survival of small businesses is based on the ability of the owner to find and keep suppliers (Iwara et al., 2021:12). The government's role in leveraging the procurement space is a challenge.

2.4 Theoretical Framework

This study is grounded in two theories which are the social justice theory, as suggested by (Johns & Walton, 2016:23) and the organisation theory (Daft, 2010:15). South Africa hails from a tainted history of apartheid which segregated Blacks from accessing socio-economic opportunities favouring only the White minority. The apartheid policies created inequality among various racial groups even after the attainment of democratic rule. The democratic government has since

crafted policies such as the BEE to correct the embedded social ills that came through systematic exclusion. Therefore, the social justice theory was selected to understand the context in which procurement is applied. Another parallel theory is the organisation's theory, which explains organisational development principles. The organisational theory is essential for understanding procurement processes which are important parts of SMEs operations. Each theory is discussed in relation to its applicability to the procurement discourse. The choice of these two theories is informed by the need to promote the sustenance of small businesses in South Africa.

2.4.1 The Social Justice Theory

The social justice theory views establishing and supporting SMEs as an attempt to restore fairness and equity (Colton & Holmes, 2018:5). Social justice is embedded in social principles that seek to create and promote opportunities for every member of society. The theory has been applied in many settings, but in this study, the main thrust is in South Africa's business sector, wherein small businesses compete to survive. Normann et al. (2017:68) argue that increased consideration of distributive justice in sustainable sourcing should increase the likelihood of supplier compliance, improving conditions for employees in various industrial settings. Pursuant to the idea of redistributive justice, the government should assess the codes of conduct of the SMEs and continuously audit their performance to achieve sustainable procurement (Wang et al., 2022:16). However, this type of monitoring can be viewed as a negative approach to the growth of SMEs as it manifests to a new form of injustice to Black Owned SMEs leading to non-compliance (Alghababsheh et al., 2020:106). Zhu et al. (2022:12) suggest that procurement companies should consider supplier perceptions of costs, rewards, and investments and adapt their sustainable procurement initiatives accordingly. Figure 2.1 below shows the social justice theory. South Africa has followed the general methods of achieving social justice, and the redistributive approach fits well in achieving social justice in the procurement industry.

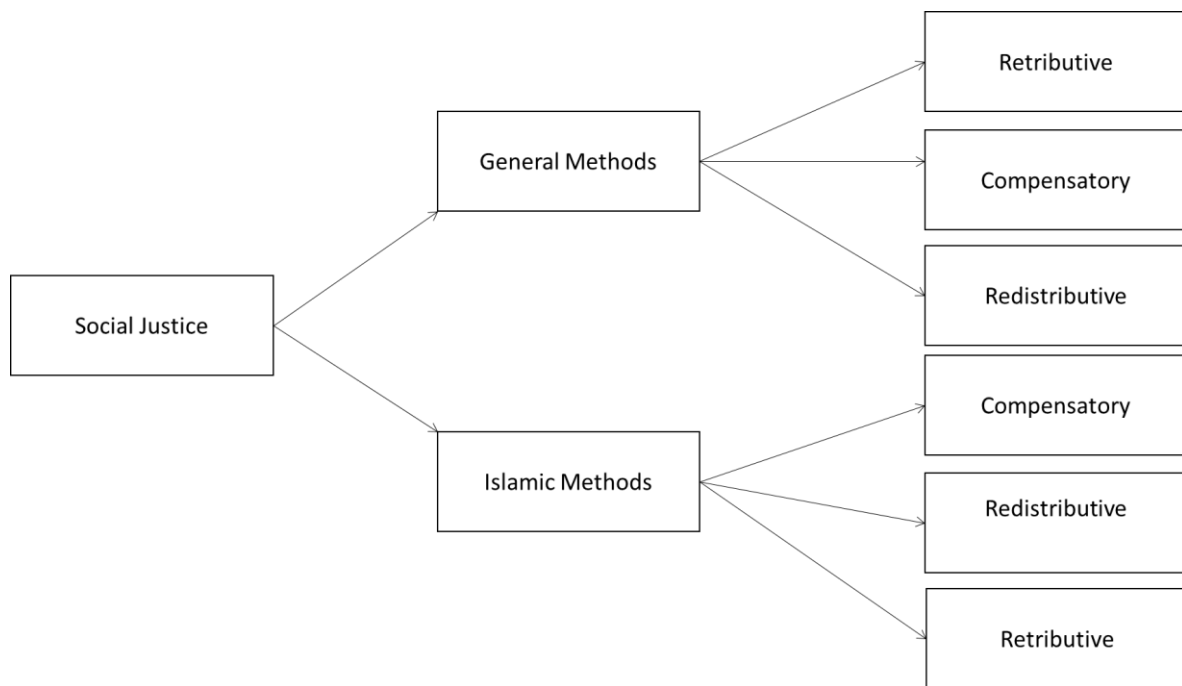


Figure 2- 1: Social Justice Theory (Source: Adapted from McAuckley et al., 2022:23).

South Africa presents a typically fragmented society where resources are distributed according to race and colour, particularly before attaining democratic rule. However, after 1994, the government enacted several legislative frameworks to create and promote equal opportunities for previously disadvantaged blacks. The National Small Businesses Act, 102 of 1996 and the Preferential Procurement Framework Act, 5 of 2000 are some of the instruments used to break away from the limiting and oppressive apartheid regime. Using these policies is crucial for promoting social advantage, and the role of the government in levelling this business playfield is key to attaining social justice. Besides restoring the social aspect, affording the black communities opportunities to participate in mainstream economic activities stimulates economic growth (Colton & Holmes, 2018:7). In this study, the social justice theory is vital and relevant because it goes further to strengthen the activities of small businesses such as procurement.

2.4.2 The organisation theory

The organisational theory perceives the life of entities as hinged on systems and structures which function in a symbiotic way to achieve desired goals (Larson & Foropon, 2018:36). Interventions activated in the organisation serve as pathways to boost economic growth and company sustenance. Eydman (2019:14) contends

that inter and intra-firm relational structures and networks determine those participating in the economy. The existence of norms or patterns of access to goods and services tends to define people who are either included or excluded in the country's economic sphere. This implies that not all members of society have equal opportunities to perform and benefit from the prevailing socioeconomic and political arrangements (Sharma, 2018:18).

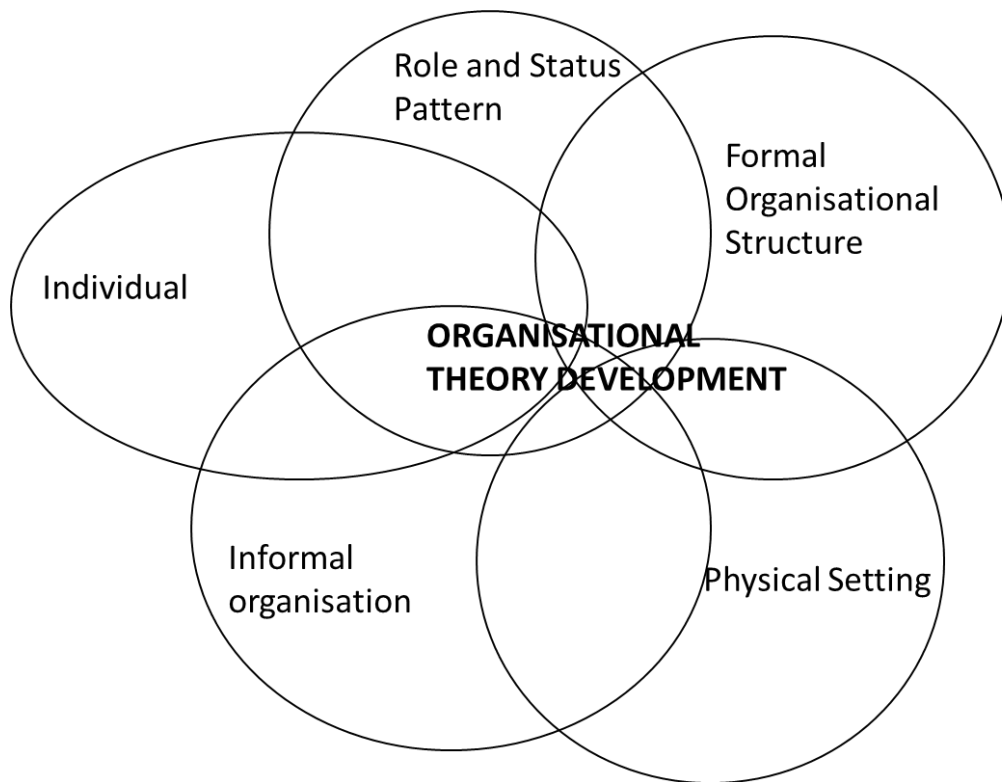


Figure 2- 2 Organisational Development Theory (Source: Adopted from Daft, 2010:15).

The theory recognises the rollout of interventions that may be implemented from time to time in public and private spaces to support the participation of previously marginalised groups and achieve equity. Thus, the sustenance of SMEs has continued to be leveraged by setting up procurement regulations and policies to give them an edge in the competitive business world. These interventions are designed to facilitate SMEs' access to goods and services to ensure they are developed and sustained. Therefore, the use of organisation theory is appropriate in this study as it delves into the structure and functioning of business entities based on the legislation and policies to explore the impact of procurement processes on sustaining small and medium enterprises in Mpumalanga Province.

2.5 The link between Procurement and Enterprise Development in South Africa

Procurement is an important tool for achieving economic growth, social and other objectives that leads to meaningful participation in the economy by black people to achieve sustainable development and general prosperity (Ndlovu, 2021:35). Economic growth is measured with indicators such as Gross Domestic Product (GDP), and other social development measures which include life expectancy, literacy, poverty eradication and levels of employment. Meanwhile, procurement policy requirements have economic goals that prefer local firms and social goals by giving opportunities to black people that were economically marginalised prior to 1994 (Ndlovu, 2021:27). Procurement policies are an effective instrument to promote Black Economic Empowerment (BEE) in the economy because they lead to an increase in market access for black companies and consequently, sustainable, and competitive operating entities that contribute to the performance and development of the mainstream economy. This is underpinned by the Preferential Procurement Policy Framework Act (Act 5 of 2000).

For many suppliers of goods and services in South Africa, the government and other organs of state represent a significant part of their business survival (Madzimure, 2020:12). Through the cascading effect of doing business with a public sector entity, the business imperative of a favourable BEE status is driven to virtually every business operation in South Africa (DTI, 2021:16). Through preferential procurement BEE leverages off government's spending power and makes it more likely to have a positive impact on incorporating black people into the mainstream economy. The BEE policy is designed to encourage measured entities to use Enterprise Development (ED) in conjunction with preferential procurement. The most effective manner of integrating the two is to invest in ED opportunities within the entity's value chain. Encouraging the support of ED through preferential procurement stimulates reciprocal needs between the investor and the beneficiary, ultimately leading to sustainable development of black business and economic growth (Mckevitt & Davis, 2012:470). In addition, the meaningful participation of black people and black-owned businesses in the mainstream economy is enhanced when the measured entity invests in a black-owned business, for example, to

achieve a foothold in the desired market (Moos & Sambo, 2020:380). The measured entity can also provide operational and financial support to make start-up enterprises more sustainable.

As such, the sustainability of ED beneficiaries is significantly improved if companies supporting their development also procure from them. ED and preferential procurement drive the creation and sustainability of black businesses in the mainstream economy. Integrated ED is more likely to be a sustainable venture that supports economic development and acknowledges the role that the beneficiary organisations can play in developing the economy.

2.6 The Procurement Process

Nielsen (2017:15) defines the procurement process as a cycle comprising steps that a business and procuring entity need to complete. These steps vary depending on the types of contracts and countries in which they occur (Upadhaya, 2018:11). The procurement policies that are enacted tend to affect certain steps in the procurement process cycle (Jahan et al., 2021:221). This may assist SMEs in participating in the process and winning contracts, even against large companies. This process is shown in Figure 2.1.

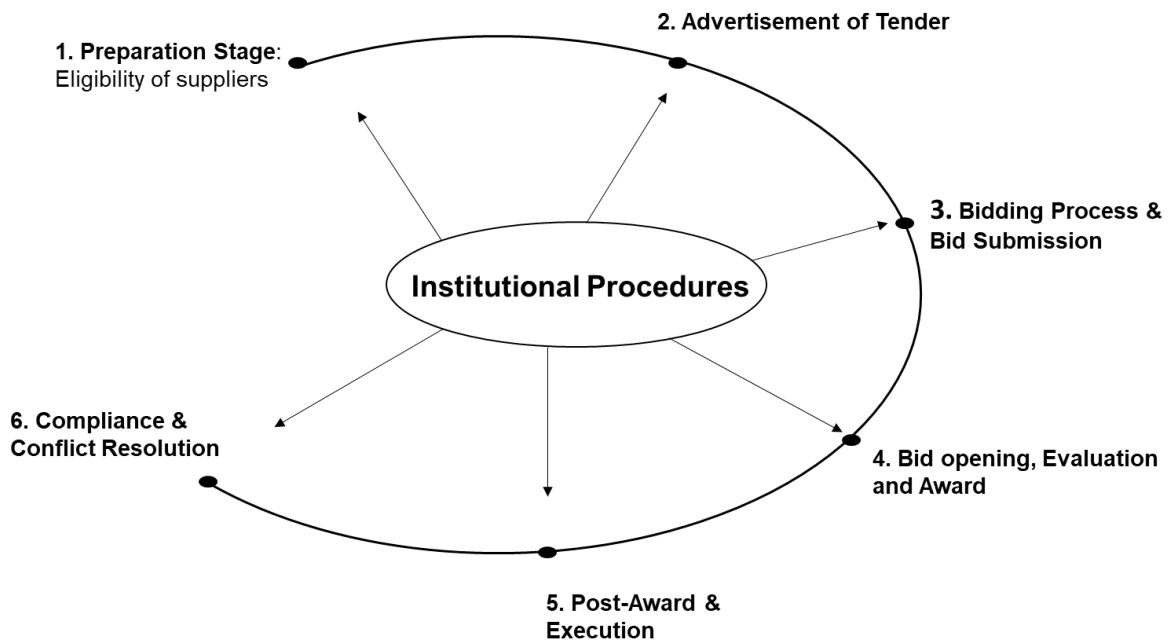


Figure 2- 3 Steps in the procurement process

Source: Adapted from Nielsen, 2017:12)

Figure 2.1 above summarises the steps in the procurement process as propounded by Nielsen (2017:11). The steps are explained accordingly in the subsequent discussion.

Step 1: Preparation stage and Eligibility criteria for suppliers.

The first step in the procurement process is the preparation phase. In this stage,, the need for purchase is determined together with the quality and quantity of goods required. This is done in line with orders from other departments to the procurement department. A database of suppliers is then developed and assessed. A tender will be developed if there is no existing supplier on the goods. The tender should then specify the quality and quality of goods. It is at this stage that the eligibility criteria for suppliers are developed.

Step 2: Advertising Tender

The advertisement for a tender is done using the internet or using public newspapers. The tender information should be clear and specify if the tender is closed or open. In addition, the advertisement should lay out the eligibility criteria and the timeline of the tender.

Step 3: Bidding Process and Bid Submission

The bidding process begins with the creation of a bid adjudication committee. The bidding documents are received and screened before the day of adjudication. Bidders can make changes to their documents and furnish the bid office with missing information as necessary.

Step 4: Bid Opening, Evaluation and Award

The bid adjudication committee sits to evaluate and determine the most appropriate bidder. The committee does not set standards, but they assess the bids according to the stipulated criteria. Finally, the highest bidder is selected and awarded the bid.

Step 5: Post evaluation and Execution

After the highest bidder is notified of the success, the bid committee makes a further assessment to ensure that the bid documents' resources are possessed by the bidder. Finally, the bidders are informed to begin the work.

Step 6: Compliance and Conflict Resolution

At this stage, the bidder is expected to deliver the goods to the organisation. The bidder is expected to comply with all rules, and if conflict arises, it is resolved.

The model in Figure 2.1 is a typical procurement process for SMEs, but each company use their own in a modified format. Awan et al. (2022:14) reiterate that there has been no blanket cover framework or methodology which can be uniformly used, but each company adheres to specific standards and modifies its own procurement process. Wandipo et al. (2020:15) concur that no single procurement structure has been normalised to guide procurement in the SME sector. This may be the reason to explain the occurrence of fraudulent and corrupt practices in the procurement process.

2.7 Legislative Frameworks Regulating Procurement for SMEs in South Africa

The South African democratic government made notable strides in creating an enabling environment for SMEs through various legislative frameworks (SEDA, 2019:18). Major reforms are contained in the BBBEE framework, which seeks to

redress the legacy of past social inequalities through economic empowerment. The legislation views Black people as previously disadvantaged in the socio-political and economic spheres. These include Africans, Coloureds and Indians. Also considered in this group are women, people with disabilities and those living in rural areas. The Constitution of South Africa 1996 is the pivot on which legislation and policies governing the life of SMEs are rest. This is buttressed by other provisions such as the Green Paper on public procurement reform, the National Small Business Act, 102 of 1996 and The Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA). The National Small Business Act of 1996 had to support many agencies in the form of the Ntsika Enterprise Agency and Tender Advice Centres. The Preferential Procurement Regulations promulgated in 2001 implemented the PPPFA and outlined the point system and criteria that are used in allocating preference in the evaluation of tenders (Makgoe, 2019:6). Figure 2.3 below shows the various legislations on procurement processes in South Africa.

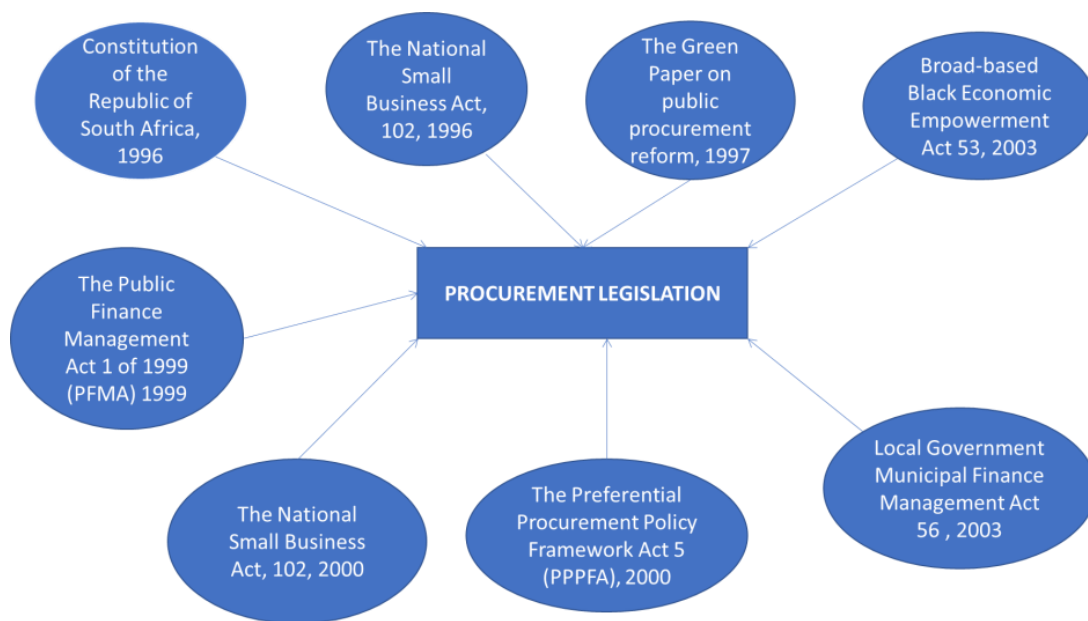


Figure 2- 4 Legislations governing the procurement process for SMEs in South Africa (Source: Adapted from Nierkek & Thirwall, 2021:59)

Despite the legislative packages that aim to support the development and sustenance of SMEs, OECD (2020:8) notes a formidable failure of many start-up SMEs. Fatoki (2014: 923) argue that while many factors are responsible for causing the failure of SMEs, regulatory frameworks are still regarded as insufficient to promote the growth of SMEs. Fourie and Malan (2020:4) commend the failure of

legal frameworks to leverage small businesses in South Africa. Therefore, it is critical to review the laws and ensure that they are aligned to match the needs of small enterprises (Iwara et al., 2021:7). Procurement processes are embedded within bureaucratic layers, which makes it difficult for small businesses to thrive. Malebana (2017:5) argue that the success of procurement, however, does not depend solely on the promulgation of policies or regulations, but there are supporting mechanisms that must be put in place to leverage the procurement process. In fact, government efforts to stimulate the growth of small enterprises are constrained by several overarching factors beyond legislation (DTI, 2020:16). However, procurement must be delivered in the context of transparency, fairness, efficiency, accountability, and accountability and positive competition. These virtues are, in most cases, elusive to procumbent officers because they are matters of organisational spirituality and morality (Houghton & Krishnakumar, 2016:177).

2.8 Challenges confronting procurement processes in sustaining SMEs

As sustaining SMEs becomes the goal of many government agencies, it is crucial to unpack the challenges faced by SMEs paying particular attention to procurement. This helps identify possible strategic entry points vital for assisting and leveraging the procurement landscape for SMEs.

2.8.1 Passive responses to empowerment legislation

Dladla (2017:19) notes that people are hesitant to respond to legislations' positive intentions to support SMEs' growth. It appears that most people in South Africa harbour the idea of entitlement. In 1995, the significance of the development of small businesses was reflected through the enactment of the National Strategy for the Development and promotion of Small Businesses. The decline in the uptake of the created opportunities was evidenced. The quality and performance of the SME sector were depressed due to people's limited skills due to past apartheid constraints.

2.8.2 Fronting

The DTI (2021:10) defines fronting as a deliberate circumvention or attempted circumvention of the B-BBEE Act and Codes. Fronting usually involves reliance on data or claims of compliance based on misrepresentations of fact, whether made

by the party claiming compliance or by any other person. Businesses that are affiliated with BBEE are a threat to the survival of those entities that are non-BBEE compliant. This stems from the tendency of the public sector to procure from companies that comply with BBEE legislation (B-BBEE Act 46 of 2013). The scenario has created the challenge of fronting, where companies misrepresent their BBEE credentials to access available business opportunities. Hoekman and Tsa (2020:398) point to the lack of transparency in the system of striving to empower small and medium enterprises. Shai et al. (2019:14) describe fronting as an act that undermines or frustrates the attainment of objectives of SMEs as they survive under BBEE policy. The forms of fronting include window dressing, which involves appointing black people to a business based on race. Such people are not allowed to actively participate in the decision processes of the organisation (Sibanda, 2020:12). Benefit diversion is another form that is concerned with taking away the economic benefits of a project from black participants upon whom the favourable ratings are based. Opportunism is another form which involves the arrangement of joint ventures with black people to boost the BBEE status of a party (Sibanda, 2020:14). This usually entails outsourcing a company that does not comply with standing policy directives to provide the bulk of the work. This affects the procurement process as undeserving players end up benefitting unduly at the expense of companies that comply with formal or legal requirements.

2.8.3 Corruption and Bribes

In relation to fronting, corruption is another factor that affects the procurement processes for the sustenance of SMEs. Corruption is viewed as behaviour that deviates from the formal duties of a public role. This may involve an individual offering a bribe to a company official to be given a service, contract, or license (Shai et al., 2019:98). Pike, Puchert, and Chinyamurindi (2018:34) observe that corruption has the tendency to promote incompetent entities and flouting of tender procedures, which have a devastating effect on the procurement of goods and services and the survival of companies. Suliantoro, Winarno and Handayani (2018:11) believe that the current competition exacerbated by the competition brought about by the involvement of foreign companies has increased instances of corruption in the procurement processes. The process tends to be less transparent, with collusion and nepotism rife. Collusion entails limiting competition in

procurement by fixing prices in liaison with other parties interested in the project or contract. On the other hand, nepotism concerns senior officials who favour businesses to which their families or themselves are interested. This has the effect of diminishing the level of transparency in the procurement process.

In the same vein, Fatoki (2019:923) notes that the government's projects require tendering process to be executed. In this case, small SMEs compete with corporations, some of which would, even be state-owned, and often fail to bid because of newness. (Suliantoro, 2018:7). SMEs are also ranked depending on the criterion used in different countries. The implication is that the contractors must clearly distinguish the auction or classification of companies that are eligible to submit tenders for a specific contract or project. This further facilitates a situation where small businesses become victims of irregularities in the tendering process. The ultimate situation would entail the creation of an unhealthy and distorted relationship between service providers from different ranks.

Some companies pay bribes to procurement officials to influence tender. Such bribes are meant to ensure specifications are tailored to the type of services and goods they specialise in or to guarantee a favourable outcome at the tender evaluation and contract award stage (Ahmed, 2019:186). Bribes may be paid to ensure the business is contracted directly through negotiation without experiencing tendering. Corruption is considered harmful to both SMEs and the economy at large. This is because it prevents foreign direct investment, and distorts the size of company expenditures and the decision-making process regarding investment in projects. It should be noted that each stage of the procurement process is susceptible to corruption. This means corruption is possible from advertising the bids to the decision-making or selection stage. Ahmed (2019:188) believes that SMEs are vulnerable to corruption to ward off competition from competitors, and this trend tends to be more pronounced in developing countries. Khadar and Jama (2016:5) concur that corruption appears more harmful for SMEs in developing nations where procurement prospects are hampered by hazy bidding procedures accompanied by vested interests. Grey (2021:38) argues that corruption is high in South Africa's public entities, and its effects have spiralled to the private sector.

2.8.4 Conviction on the notion of entitlement

This concerns the feeling that the government has an obligation to provide for their own needs, thereby allowing them to renege on their natural obligations to strive to look after themselves. This may relate to the spirit of entitlement that South African society still exhibits pertaining to access and utilisation of resources. The political rhetoric that the government has an unconditional obligation to provide for the citizens' needs remains ingrained in people's minds (Moodley et al., 2021:558). Therefore, people should take advantage of the enabling environment to establish new businesses to empower themselves and grow the country's economy. , The advocacy of this notion cultivates laxity on the part of even those individuals that have the potential to turn around the economic outlook of both the local area and the broader national context. However, a lack of full participation in the procurement processes increases the likelihood of falling short of establishing a successful business and strangling the life out of SME's business.

2.8.5 Lack of entrepreneurial drive

It can be argued that the entrepreneurial culture has not yet fully been cultivated within the business community (Global Entrepreneurship Monitor, 2020:23). The GEM report (2021:27) indicated that the entrepreneurial motivation is gradually disappearing, and this is attributed to both internal and external factors. Gwadabe and Amirah (2017:6) observe that lack of entrepreneurial competency has been identified as the prime cause of the failure of a business. This implies that an entrepreneurial culture is a prerequisite in providing practical solutions to the myth of procurement hiccups for sustaining business performance. It is the culture of innovation and creativity in business practices that serve to harness and unleash the spirit of entrepreneurship that, especially black people, should comprehend. This should also work to differentiate entrepreneurs from non-entrepreneurs (Elam et al., 2021:37). The spirit of entrepreneurship moves individuals to constantly striving to try out new engagements and excel in the process. This system of beliefs, interests and values carries the element of sacrifice. In this case, individuals develop new businesses, mostly without guaranteeing success, but commit to it to ensure survival and growth (Mamun & Ekpe, 2016:8).

The source of the entrepreneurial drive appears to be the control that individuals have over their life (Gwadabe & Amirah, 2017:14). Iwara *et al.* (2018:16) notes that the most successful entrepreneurs in South Africa exhibit some endogenous attributes which make them survive the vagaries of the external business environment. It can be concluded that the internal locus of control is mainly desired for one to participate in new business enterprises. Internal locus of control is the belief that personal decisions can influence one's life (Karabulut, 2016:78). Therefore, people with this kind of control are prone to start businesses because they have an inherent intention and determination to perform business-wise. Such people usually have the nerve to engage in procurement processes in ways that deliver success for company sustenance. Karabulut (2016:82) contends that people with entrepreneurial intentions want to prove that they can establish a business in a competitive environment through their zeal or eagerness to succeed. This trait is closely linked to risk-taking, and risk-taking is the mark of entrepreneurship, which is the basis for SME development and survival.

2.8.6 Low levels of human capital

Lack of human capital negatively influences the procurement of goods and services for the sustenance of SMEs. Human capital refers to capabilities, skills, knowledge, and competencies endowed in people to successfully perform a task or run a business (Hosseini & Roy, 2016:13). It also relates to knowledge, skills, and attitudes that are required to drive the procurement processes to develop and sustain SMEs (Sitharam & Hoque, 2016:278). Gem report (2021:36) describes entrepreneurial competency as the set of related knowledge, skills, and attitudes that businesspeople need to procure to obtain skills to achieve outstanding achievements and get through procurement processes with excellence. Entrepreneurs need to understand SMEs' entire business life, including administrative and management practices. This understanding encapsulates the main performance elements of SMEs. They need to be able to prepare good bids, tendering cost, and deal with excessive documentation, discouraging SMEs from participating in procurement processes.

Lack of this kind of knowledge would then translate to such issues as poor marketing methods, diseases, and corruption which serve to worsen the situation

(Leibbrandt, Woolard, McEwen & Koep, 2019:7). Sitharam and Hoque (2016:272) identified factors influencing the success of SMEs, including the fact that economic empowerment was rushed in its implementation without people being prepared or educated enough to embrace it. In this vein, Mutezo (2018:28) gives a typology of SMEs' problems, such as shortage of requisite knowledge and skills. This has resulted in an increased number of people that are active economically, but without the capacity to find employment and are unable to embark on self-employment or some form of income-generating activities. Nkwabi and Mbuya (2019:7) argue that inadequate training adds to constraints that limit the implementation of procurement processes for sustaining SMEs in South Africa. This lack of training stifled the development of entrepreneurs. The set of skills that owners of emerging entities or SMEs have tended to be more on the technical side than managerial. This suffices to show that there is a need for business owners to receive training to sustain their businesses (Grey, 2021:13). Ahmedova (2016:1107) believes that training in the use of web-based technology is paramount in the SME sector to limit the use of technology to the use of emails as a tool to communicate in marketing, accounting, and management. It is critical that the human resource base be well developed to gain knowledge and skills on ICT and its opportunities in a competitive business environment. This desire may fail to come to fruition owing to the unavailability of funding.

2.8.7 Lack of business resources and experience

Technology and technological integration into the functions of SMEs is pivotal, especially regarding the procurement processes. Prasanna et al. (2019:9) note that technology is crucial both in advancing the performance of businesses for economic development and limiting the growth of small businesses striving to cope with technological stride. However, technology presents a series of challenges to the sustainability of SMEs in developing countries. This is mainly related to the competitiveness of SMEs in the globalised world of business. According to the World Trade Report (2016:47), the low level of utilisation of improved technology by SMEs presents challenges regarding enhancing their participation and opportunities in the landscape for trade. This is based on the notion that progress in technology is the necessary condition for growth in a specific sector of the economy (Prasanna, 2019:12). As part of the strategic thrust for the growth of

SMEs, the adoption, application of innovation of technology is pertinent, particularly regarding the efficiency in the procurement process.

2.8.8 Lack of financial support

Wang (2016:11) established that external financing impedes the growth of SMEs in most countries in the developing world. Almani, Salonitis and Xu (2017:754) contend that SMEs are affected by challenges inclusive of access to finance and high-interest rates. Sibanda (2020:6) argue that the primary reason for refusal by financing institutions is associated with a lack of collateral from the SMEs. It can be argued that insufficient capital is one of the main constraints affecting the growth and sustenance of SMEs. Similarly, Bilal, Khan and Akoorie (2016:5) report that financial constraints are the major challenges regarding the execution of procurement processes to ensure SMEs are functional. Although the government has layout financing measures through the BBBEE program, little has been achieved. A study by Musabayana et al. (2022:13) echoed the same sentiment by revealing the practicality surrounding the implementation of BBBEE in SMEs as being questionable. The study results indicated that the procurement element is the most onerous and difficult to fulfil due to the inability to find accredited BBBEE suppliers that could meet the required quality standards and demand capacity. Based on this, it was found that many SMEs perceived the BBBEE scorecard and targeted spending as being unrealistic and challenging in terms of compliance (Pillay, 2018:18). This financial factor is vital as it provides the means to procure the needed resources to produce goods and services and the distribution of those along the supply chain. Prasanna et al. (2019:15) argue that lack of financial capital is the main limitation of SMEs as it retards the process of acquiring technical skills and introducing innovative technology to promote procurement.

SMEs encounter challenges in sourcing support from financial institutions. Nkwabi and Mboya (2019:18) note that financial institutions like banks and microfinance institutions create impediments to offering financial assistance by tightening their banking procedures and increasing lending rates and demands of collateral. It is usually the norm that most SMEs cannot afford collateral, which stands in the course of obtaining financial assistance. In this study, it can be argued that it is essential to simplify the lending schemes thorough removing tight borrowing

regulations for easier accessibility to credit by SMEs. Lindvert (2017:6) further observes that discriminatory tendencies in borrowing loans lead to retardation in the procurement abilities and processes of SMEs in South Africa. This is because SMEs become suffocated financially to procure goods and services for their businesses to function. Governments may need to relax on rules and regulations to allow SMEs to access financial support. Shamsddin et al. (2017:104) also state that there must be a positive relationship between banks and SMEs so that the latter can secure financial provisions to procure needed resources. The GEMs report established that improving access to small businesses is vital because it constitutes the most significant expenditure.

2.8.9 Asymmetric Information

According to Weng et al. (2022:16), asymmetric information refers to the lack of knowledge among competing members of society. For example, in procurement businesses, SMEs lack access to information that can help them to make informed decisions. Quite often, information about cheap products and services from suppliers is not easily available to SMEs, who end up buying from expensive suppliers. Moreover, some suppliers do not divulge information about transactions, such as trade discounts and other promotions which might be available for SMEs. Due to the lack of such information, the SMEs are coerced to spend according to the prevailing market prices, which negatively affects their pricing.

Asymmetric information is also used in the financial services sector, wherein the providers of loans do not divulge full details about interest on borrowing. Suppliers who do not know the terms of credit to SMEs negatively contribute to the sustenance of SMEs (Wang & Lee, 2020:13). A study carried out in South Africa indicates that 75% of SMEs fail to secure lines of credit due to asymmetric information (Musabayana et al., 2021:18). Clients realise the danger of asymmetric information after when they have asymmetric information or information asymmetry is the lack of equal available information between two parties in a transaction (Weng et al., 2022:16).

Moros, Fink and Maresch (2018:291) discovered in their study that information asymmetry poses a challenge during the funding application process for both

financier and the applicant. They found that funding approval rates increased by 12% when information asymmetry was marginally reduced. The extent to which securitisation is flawed by asymmetric information has not been determined. However, a study done in Italy, deduced that financiers overcame the challenges of asymmetric information via signalling and commitment devices (Albertazzi et al., 2016:322). A study by Dlovo (2017:68), revealed that the BBBEE requirement does not feature in any of the financiers' lending documents and protocols, thus, implying that there is information asymmetry between the financier and the SME regarding the BBBEE requirement. The SMEs' lack of knowledge of the BBBEE worsens the information asymmetry in the application to the extent which was uncovered in the study. These challenges require appropriate strategies to ensure that the business environment is adjusted to meet the needs of SMEs.

2.9 Strategies for ensuring that SMEs suppliers are sustainable in the procurement process

One of the strategies for ensuring the reliability of SME suppliers was for those in the sector to understand and ask them what it takes to become a reliable supplier and be prepared for it. They must identify capacity challenges, analyse barriers to entry and seek solutions, enter partnerships with the aim of capacity-building and invest in their training and development (OECD, 2020:17). This is because the aims and objectives of an SME supplier are equally the same as those of the buying organisation. That is to achieve success through the attainment of profit, growth in the market share and survival.

As profit is one of the key measurements of success in organisations, developing financial reporting standards for SME suppliers is also critical. This is because achieving positive financial results is one of the key metrics on the performance of a business and a critical consideration by Procurement when choosing to deal with a supplier (Global Entrepreneurship Monitor (GEM), 2021: 15). The SMEs suppliers must be proactive in taking the initiative to understand the industry they are to deal with to create a workable relationship. Musabayana et al. (2022:8) elaborate that, like a tango, a successful contract requires two parties working towards the same goal. As a result, there is a need to establish or develop some close links between the industry (buying organisations) and the SMEs suppliers (Nielsen, 2017:36).

Depending on the value and criticality of the items to be purchased, a collaborative relationship will be ideal in clearly defining the expectations of the buying organisation as well as the challenges to be faced by the SMEs supplier. Then agree and monitor the measures to be taken to achieve the set lead times. To that end, a Service Level Agreement (SLA) must be put in place to aid the management of the contractual relation between the buying organisation and the SME supplier.

In addition to the above, for the SME supplier to be considered a world-class service provider to the buying organisation, the SME must be able to understand and manage the finance issues well. This requires the discipline of keeping track of all the sales, cash proceeds and the overall turnover of the business, as this helps to determine if the business is making a profit. In fact, good record keeping and management finance is crucial for the success of SMEs suppliers and for them to be reliable suppliers, their finances must be on good soundtracking (GEMs, 2021:19). The International Accounting Standard Board (IASB) introduced an International Financial Reporting Standard (IFRS) designed for use by small and medium-sized entities (SMEs) (Nielson, 2017:88).

Nheta et al. (2020:8) argue that the introduction of IFRS specifically for SMEs was necessitated by many challenges faced by these entities in adopting full IFRSs in financial reporting, the main aim of which was the excessive disclosure requirements, based on a cost-benefit analysis for SMEs. Small businesses lacking clear financial strategies may achieve some success in the short run, but as soon as competitive conditions stiffen or an anticipated threat arises, they usually fold (Murugeseni & Jayaleni, 2017:12). Small to medium businesses must have a basis for differentiating themselves from their competitors, otherwise without the basis; the best the businesses can hope for is mediocrity in the marketplace.

With the current changes in the global competitive environment, small businesses that fail to think and act strategically are extremely vulnerable. All businesses are vulnerable to the forces of a rapidly changing competitive environment, and in the future small businesses can expect even greater change and uncertainty, from political changes around the planet and rapid technological advances to more intense competition and newly emerging global markets (Malgas & Zondi, 2020:21). The environment has become more turbulent and challenging for small businesses.

To be successful, small companies in a hostile ever-changing environment must go through the process of strategic management (Malgas & Zondi, 2020:24). The goal of developing a strategic plan is to create for the small business competitive advantage. A competitive advantage is a collection of all the factors that set a small business apart from its competitors and gives it a unique position in the market superior to its competition (Madzimore, 2020:8).

Malebana (2017:289) suggests that the key to business success is to develop a unique competitive advantage that creates value for customers and is difficult for competitors to duplicate. However, building a competitive advantage alone is not enough; the key to success is building a sustainable competitive advantage. Wilhelm and Vellina (2021:15) argue that a company gains a sustainable competitive advantage through its ability to develop a set of core competencies that enables it to serve its selected target customers better than its rivals do. Core competencies are a unique set of capabilities that a business develops in crucial areas, such as superior quality, customer service, innovation, team building, flexibility and responsiveness, allowing it to vault past competitors. Markets, customers and competitors may change, but a business's core competencies are more durable, forming the building blocks for everything a firm does (Marter, 2020:35).

Fernandes and Viera (2019:588) argue that small businesses' core competencies have a bearing on their size. Their smallness is an advantage that allows them to do things their larger rivals cannot do. The key to success is building on the core competencies and providing superior service and value for target customers. Entrepreneurs must use a short planning period for their strategic planning. They should be informal and not complicate themselves with so many structures. The process must be participatory and include employees and outside parties to improve the reliability and creativity of the resulting plan. Entrepreneurs should maintain flexibility and focus on strategic thinking, not just planning, by linking long-range goals to day-to-day operations. According to Burns (2016:18), entrepreneurs who spell out the vision for their business focus everyone's attention on the future and determine the path the business will take to get there. The vision influences the decisions, no matter how big or how small, that owners, managers, and employees

make every day in a business Louw and Venter (2018:456). A clear vision excites and ignites people to action.

2.10 The role of government in sustaining the procurement function of SMEs.

Governments in developing countries should play an important role in ensuring that SME suppliers are reliable in the Supply Chain. This can be done through facilitating the developmental infrastructure, education and availing business economic policies and frameworks which are favourable for business. For example, policy inconsistency results in confusion and economic meltdown as it makes strategic planning very difficult for the SMEs suppliers to achieve their targets in line with the expectations of their customers (buying organisations) (Madichie et al., 2019:4). Governments should strive for the implementation of programmes to yield positive social and environmental outcomes (Shai et al., 2019:11). This can take the form of Sustainable Public Procurement (SPP). This ensures that the procurement process does not solely emphasise financial considerations and enhances other functional areas to effectively improve the overall business competencies (World Bank, 2018:49). SPP must be backed by policy to ensure it is linked to the broader goals of sustainable development. The social dimension of the procurement process intends to redress the socio-economic imbalance between the previously disadvantaged groups under apartheid. The system prevented free access and success in social, economic, and political spheres. Therefore, the government must ensure people receive quality (Van Niekerk, 2019:56).

The programs may take the form of the National Empowerment Fund, which was initiated in South Africa in 1998. This was meant to assist black businesses through the provision of financial assistance, skills development and reserving of shares for them and to widen the scale of ownership for black entrepreneurs (Fatoki, 2021:6). In Nigeria, the Federal Ministry of education chose entrepreneurship education mandatory to all learners at tertiary institutions as from the 2007/2008 academic year (Kraai, 2021:16). Similarly, the YouWiN platform was also established for youth capacity building and seed-capital provision. This collaborative program cuts across several ministries and is intended to encourage and support youths to develop and execute business ideas for job creation (Kraai, 2021:23).

Government agencies such as the NYDA and SEDA should strengthen their training programs for SMEs. In Kenya, Nkwabi and Mboya (2019:6) believe that SIDO should train SMEs to acquire new business knowledge and skills to obtain new mindsets. Such training is crucial to allow SMEs to overcome technological deficiencies, fear of involvement in competitions and corruption. Moreover, higher education institutions and related service providers need to equip business owners and managers with appropriate entrepreneurial knowledge and skills. These institutions should develop a curriculum that addresses the needs of the nation and particular industries. The curriculum can provide an understanding of both the public and the private sector as well as the regulations thereof. This can be achieved through developing a two-model curriculum, focusing on the public and private sectors. This is about enterprise management.

Meanwhile, the legal environment should be liberalised to remove bottlenecks in the business operating space. This should sensitise learners on the integrated approach to managing procurement within a deeply regulated public sector environment (Myeza et al., 2021:254). The two programmes demand basic procurement skills, including purchasing and supply, sourcing strategies, integrated supply management, purchasing and supply tasks, technological development, and globalisation.

2.11 Strategic Sourcing

This pertains to improvement strategies relating to centralisation and decentralisation of procurement. It is essential to distinguish the approach that suites SMEs. For example, centralisation has been associated with bureaucratic tendencies which leads to corruption, while decentralisation is important for guaranteeing inclusivity and easy conduct. The ease with which business is conducted translates to the sustenance of SMEs. These can be used for the procurement of different categories of goods. However, strategic sourcing appears as a panacea to poor procurement practices (Grey, 2021:178). High-risk and low-cost items, known as bottleneck items and high-risk and high-cost items, known as strategic items, need to be purchased on a centralized basis. This involves long-term contracts and higher levels of supplier management. Low-risk but high-cost items can be purchased through an agency. E-procurement must be implemented

to avoid several obstacles in the procurement processes. Essentially, the procurement process is bound to contribute significantly to the sustenance of SMEs provided trained and qualified procurement officers are hired, an effective monitoring and evaluation tool is developed, good performance is motivated, ICT is integrated into the business and quality leadership is provided (Matebese-Notshulwana, 2021:109). The table below presents the strengths of adopting either centralised or decentralised procurement processes to sustain SME growth and development.

Table 2- 1 Strength of centralised and decentralised procurement processes

Centralised Benefits	Decentralised Benefits
Better control and expertise on procurement	Closer match to requirements of end-users
Ability to leverage reduced prices	Low corruption opportunities
Lower training costs	Shorter time frames
Improved audit trail reports and transparency	High chances for lower prices from local producers
Improved professionalisation of procurement officers	More scope for personal responsibility and a service mentality
Easy performance of procurement officials	Reduction in error and overspending

(Source: Author, 2022)

2.12 Research Gap

This study sought to unravel the impact of procurement processes in sustaining SMEs in South Africa. Through the extensive review of the literature, it was noted that South African laws, such as the BBBEEE offer a positive approach to leveraging the sustainability of SMEs. Other laws and policies, such as preferential procurement, are making good progress but are lately permeating the supply chain discourse. Small businesses operate on very limited spaces, and the laws may not protect them. Small businesses are vulnerable to abuse due to a lack of appropriate human resources, finances and the problem of asymmetric information. Moreover, the laws put in place are not fairly clarified, and the procurement processes are still vague, hindering black-owned businesses' participation. In a nutshell, the impact of procurement on small businesses is less explored. This study seeks to contribute to the body of knowledge an empirical case for small business sustainability. A

liberal procurement process contributes to profitability, growth and employment creation.

2.13 Trends going forward digitisation of procurement processes for SMEs

The traditional ways of managing procurement processes have rapidly altered due to changes brought about by the fourth Industrial revolution. It can be argued that the applications of Industry 4.0 (I4.0) technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) in different processes of supply chains have assisted companies to improve their performance (Jahani et al., 2022:13). Procurement can be considered a critical process in supply chain management since it can provide novel opportunities for supply chains to improve their efficiency and effectiveness. However, I4.0 applications can be costly and may not be reasonably affordable. Therefore, the benefits of implementing these technologies should be clarified for procurement managers before investing in the digitalization of the procurement process.

2.14. Chapter Summary

The role of procurement in sustaining SMEs is evolving. The chapter overviewed the procurement process and its role in sustaining SMEs. Procurement is one of the vital functions which enables the business to be profitable. The chapter indicated that governments across the world are finding ways to promote small enterprises through various channels for inclusive growth. Countries that have done well in leveraging the procurement function through legal, market and financing reforms provide an excellent example of promoting the sustenance of SMEs. In addition, the chapter discussed that South Africa has made several changes in its legal framework to redress the social imbalances created during the apartheid era. The BBBEE is commended for upscaling the inclusion of black-owned businesses, but it seems there is more to be done in liberalising the laws because the SMEs continue to decline. Therefore, strategies to improve the procurement function for sustaining SMEs span from endogenous to exogenous attributes. The next chapter provides the methodology .

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The current chapter presents the methodology followed to achieve the objectives of the study. Research methodology refers to the organised way of addressing the research problem. Kanonuhwa et al. (2018:4) present research methodology as the general plan to investigate a phenomenon and ensure that all aspects of the study are congruent. The research methodology refers to a set of methods that are adopted to collect data, set standards in the connection of concepts, and justify the results of a study (Creswell & Creswell 2018:56). The methodology of this study focuses on the research paradigm, research approach, and design. The design comprises the population of the study, sampling procedure, sample, data collection and analysis.

3.2 Research Paradigm

Guetterman, Fetters, and Creswell (2015:56) describe a research paradigm as a set of philosophical assumptions regarding the basic aspects of a reality that convey a particular conception of the world. Research paradigm relates to fundamental beliefs which shape the strategy of carrying out a study, including decisions pertaining to a research methodology (Kivunja & Kutini, 2017:26). In the same vein, Creswell and Creswell (2018:56) avers that a research paradigm as beliefs that researchers adopt to mirror the functioning of the world. These are lenses or windows through which a community of practitioners visualizes the functioning of the world. A research paradigm gives guidance and direction in a study and determines the data collection and analysis process and the reporting of findings.

The positivist research paradigm underpins this study. Positivist assumptions are categorised into ontology, epistemology, and methodology. Kivunja and Kuyini (2017:27) present ontology as concerned with a belief like reality. It contends that reality is objective and exists outside human existence. Reality is taken as objective and quite independent of human interpretation. Epistemology focuses on the source of knowledge, its nature and how it is communicated to the audience. Chauvette, Schick-Makaroff and Malzahn (2020:4) opine that methodology concerns the methods used to gather data to respond to the research questions and objectives.

In this study, the quantitative research methodology supported by the positivist paradigm, was followed.

3.3 Research Approach

The study followed a quantitative research approach which, according to Kivunja and Kuyini (2017:30), employs statistical analyses and numbers to represent social phenomena. It perceives reality as composed of components that can be observed and measured. The purpose of quantitative research is to produce accurate measurements of variables that are accurate. Claydon (2015:43) observes that quantitative research is appropriate for interpretation and description of phenomena. This means that the data can be manipulated for statistical analysis. In this regard, Babbie (2016:66) posits that quantitative research allows for the tallying of opinions and events, in the form of frequencies of the responses of participants. This approach is preferable for large samples of the population and where there is a need to generalise the research results depending on the scope of the study. This approach was, therefore, found to be suitable for this study which investigated therefore, this approach was found to be ideal for this study investigating the impact of procurement on sustaining SMEs in the Nkangala District. The quantitative method was suitable for this study because it allowed for the statistical manipulation of quantitative data obtained from interviews to yield descriptive and relational information. This method is comprehensive and can display information graphically. The quality of data and sample size have a strong influence on the end outcome.

3.4 Research Design

A research design is described as a strategy or plan that is adopted to select research participants, data collection methods, and data analysis techniques (Babei, 2018: 70). Research design is defined by Van Wyk (2018:8) as referring to a protocol or plan that is employed to accomplish a research endeavour. This study used a cross-sectional descriptive survey design to investigate the impact of procurement on sustaining SMEs in the Nkangala District. The descriptive design provides an accurate picture of a research process regarding the location of new relevant data, articulates the sequence of activities, and captures the process of

causation. Using quantitative processes and procedures helped to gain a deeper grasp of the phenomenon under study and realise an insightful interpretation of the findings.

3.5 Target Population

The research population relates to the whole group of people with the potential to participate in a study and whose characteristics are homogeneous (Polit & Beck 2017:785). Jantjies (2016:84) describes a target population as a group in the universe that has characteristics that are of interest in a study. The universe involves all participants who exhibit attributes that are imperative in research. The target population for this study comprised all SMEs in Nkangala District Municipality in Mpumalanga Province. These were companies with 51 per cent shares held by the Black, indigenous population. The companies also had a business relationship with Exxaro Resources, registered with the Johannesburg stock exchange. The companies were expected to own a vendor number. According to Nkangala Municipality (2021:43), there are more than 2000 SMSs in Nkangala District Municipality.

3.6 Sampling Techniques

Sharma (2017:749) describes sampling as a technique or procedure that researchers use to select a small number of participants, who represent a large population, and from whom research data is collected. The sample influences the validity of the findings, so it must be representative. There are two methods of sampling, which are probability and non-probability sampling. Probability sampling was the most suitable based on the form of data compiled in this study. Obayopo (2017:73) describes probability sampling as a method that uses a random selection of participants. This study used simple random selection to choose SMEs to participate in the study. In this study, simple random sampling was used to ensure that all business entities (SMEs) have an equal chance of selecting for participation and enhance the objectivity of responses. Participants were selected based on their rich knowledge of the impact of the procurement processes on sustaining SMEs in Nkangala District in Mpumalanga Province.

3.7.1 Sample Size

A research sample denotes a subset of the population which is drawn to provide information that reflects to the population (Creswell & Poth, 2018:52). A sample is defined by Headley and Piano-Clark (2020:145) as the actual collection of people who are selected from the population and from whom data is gathered. It is chosen because of its representativeness of the population in terms of the essential characteristics that are of interest in the study. For the study to be representative, the size is very important. The researcher needed to ensure that a few participants do not negatively influence data. The bigger and more representative the sample, the better the results. The sample size influences confidence level, population size, budget, time, and margin of error percentage. This study adopted Yamane's formula with a 5% margin of error (Onyeze, Ebue & Ekwueme, 2015:221). This yielded a sample of 333 from 2000 SMSs in the entire Nkangala District Municipality.

n = Sample

N = Population

e = Margin of error

$$\begin{aligned}n &= N / 1+ N (e)^2 \\ &= 2000 / (1+2000 \times (0,05)^2) \\ &= 2000 / (1 +5) \\ &= 333\end{aligned}$$

3.7.2 Inclusion Criteria

The inclusion criteria was based on the aspects mentioned below because these emerging companies, and their procurement practices have not been given appropriate attention. The requirements were as follows:

- Black-owned and controlled companies (51 per cent black-owned)
- SMEs registered with BBBEE

3.7.3 Exclusion Criteria

Companies which were not black-owned were excluded because they did not represent the objectives of the study and did not conform to the government initiatives for BBBEE. The exclusion criteria were as follows:

- Not 51 per cent Black-owned and controlled companies
- Companies not registered with BBBEE

3.8 Data collection method

Gundry and Deterding (2018:304) aver that data collection involves selecting participants and soliciting research information from them. Data was collected from directors or managers of SMEs in Nkangala District in Mpumalanga Province. Quantitative data was collected using semi-structured questionnaires. Questionnaires are the most used method of data collection in survey research. The strength of using the questionnaire method hinges on the easiness with which data from the instrument was analysed. The collected data can also be transformed into quantifiable outcomes.

3. 8.1 The measuring instrument

The questionnaire was self-developed with the help of a statistician based on the research questions and objectives (See Annexure 1). The questionnaire items were formulated in English because the study participants were literate individuals who could read and write. The questionnaire was structured in a 4-point Likert scale (strongly agree, agree, strongly disagree, and disagree) with two sections and instructions requesting participants to indicate their opinions on the options provided. The questionnaire. Section A contained biographical information, and part B contained information on the impact of procurement on sustaining SMEs. The first part required research data related to the age, gender, and qualifications of participants. The second part contained 16 questions on the level of understanding of legislation on SMEs, factors influencing the procurement function in the companies, the challenges experienced and possible strategies to improve the procurement process in the selected entities. A structured questionnaire was appropriate as it facilitated the collection of research data in a formalised manner with questions arranged in an orderly structure of coded items (Gilow, 2020:1). A

questionnaire was chosen in this study because it is easy to administer, convenient, and saves time.

3. 8.2 Pre-testing the questionnaire

The structured questionnaire schedule was piloted with directors/managers and officials in the procurement department to establish their opinions on the impact of procurement on sustaining Black-owned companies in Mpumalanga province. The instrument was administered to workers in three selected companies that are commercially linked to Exxaro resources. This was done to validate the questionnaire items. The pre-testing process revealed errors and ambiguities in the instrument, and modifications were made for its improvement. Since the results of pre-testing were not intended for use in the actual study, the participants were randomly selected and were those close to the researcher.

3.8.3 Data collection procedure

The data collection procedure relates to the strategy or steps taken to collect data for research analysis. First, the researcher obtained information on the SMEs that are registered with BBBEE. The BBBEE certificates were requested from the SMEs as proof that they are Black-owned and controlled. For some companies, the BBBEE certificate is listed on the company's website. For other companies, the certificate needs to be requested. The contact details of the companies were obtained from Nkangala District Municipality. The companies were informed about the research and the purpose thereof. Their consent to participate was sought prior to their inclusion in the data collection process (See annexure 2). Questionnaires were distributed online using contact details, emails and phone numbers obtained from Exxaro resources. The researcher informed participants by phone to arrange for data gathering before and after emailing the link for google forms containing the questions to increase response and return rates. Google Forms has become a convenient way of carrying out surveys because they assist in automatically capture the data and results can easily be traced.

3.9 Data Analysis

Data analysis involves arranging the collected information in such a manner that it produces meaningful patterns that can be used for a deeper understanding and

decision-making. Adams (2017:24) presents data analysis as a method to reduce and organise data to produce results which communicate meanings to the audience. North-West University provided statistical consultation services that were used for the data validation and analysis. During data collection, the researcher traced the trends in responses, and preliminary results indicated that participants did not experience challenges in responding to the questionnaire. A complete data set was downloaded in excel format, cleaned of mistakes and unnecessary responses and exported to the SPSS version 26 for processing. Data was coded and transformed where necessary. Descriptive statistical analysis was used to summarise the quantitative data collected using questionnaires. Data was presented in the form of descriptive statistics such as mean, standard deviation, frequency distributions and percentages. Frequency tables are counted data belonging to each category and provide a percentage count for each type of variable. Measures of central tendencies These summarised the distribution of values and included the mean, mode, and median. The mean indicates the average of all values, while the mode is the number that appears most often, and the median is the midpoint value. Data was analysed using bar graphs for easy analysis. After the tests for reliability using the Cronbach Alpha test, data was further transformed, and inferential statistics such as Pearson's correlation coefficient were used to analyse the relationship between independent t-tests. Regression analysis was used to establish the relationship between the procurement function and the sustenance of Black-owned and controlled companies.

3.10 Validity and Reliability

The aspects of validity and reliability are quite central in establishing the accuracy of the research results. This section addresses the concepts of validity and reliability that concern this study.

3.10.1 Validity

Validity is concerned with the ability of the instrument to measure that which is supposed to be measured (Taherdoost, 2016:28). It is the degree to which a standard test achieves outcomes for it is anticipated to produce. Gundry and Deterding (2018:305) aver that validity is the extent to which research captures the reality for it was conceived to expose. This study addressed the validity of the study

though selecting a representative sample and pre-testing the instrument to establish content validity. This was to ensure that the sampled participants reflected the characteristics of the entire population.

3.10.2 Reliability

Reliability relates to the degree to which the findings of a study can be replicated. It is possible that the outcomes of an investigation will be simulated in a similar context. Gundry and Deterding (2018:305) posit that reliability is the level at which the test items measure the same concept of a construct. This suggests that the internal consistency of test items needs to be obtained before the administration of the instrument in an effort to realise valid outcomes. In this study, the reliability of the research results was ensured by pre-testing the questionnaire. Cronbach's alpha is frequently interpreted in terms of internal consistency or the extent to which items grouped are indicators of the same variable of interest (Leppink & Pérez-Fuster, 2017). An alpha value that is very close to 1 may suggest that some items are redundant as they are testing the same question but in a different guise; thus, the recommended alpha value is .90. According to Kiliç (2016), internal reliability is considered to be good if the alpha value is found to be equal to or greater than .70, without disregarding the fact that the value could be low due to a low number of questions in the scale. The results of reliability tests are presented in the next chapter.

3.11 Ethical Considerations

Ethics are defined as principles that differentiate between acceptable and unacceptable (Resnik, 2020:26). It is the distinction between moral and immoral in research practice. Research has its central role to enhance existing knowledge or develop new understanding. This means that research has a significant influence in shaping policies that are adopted in business practices and social life. Ethical considerations place a huge responsibility on the researcher to ensure that ethical principles are followed in the conduct of a study. The following ethical issues were considered in this study, ethical clearance number (29102021) as accorded by the North-West University.

3.11.1 Permission to conduct the study

Data must be accessed through official means. If a minor or a vulnerable member of society is involved, steps must be taken to protect them. In this regard, permission to embark on this study was sought prior to field entry. Ethical clearance was obtained from the North-West University Ethics Committee to offer approval for the collection of research data. With permission from the host University, the researcher proceeded to request authorisation to conduct the study from the selected SMEs. This permission allowed the researcher to approach individual participants during the data.

3.11.2 Informed consent

The researcher approached sampled SMEs to request the consent of participants regarding data collection (See Annexure 2). This means that those companies which are Black-owned and controlled, and with BBBEE certificates were approached. The enterprises were in the Nkangala district in Mpumalanga. Management of SMEs was approached to seek approval to gather data. The researcher explained the before actual data collection. Participants were provided with consent forms and asked to sign them as proof of voluntary participation in the study. The researcher had no close or personal relationship with participants of this study, did not work in the target site and no conflict of interest required declaration.

3.11.3 Confidentiality

Participants of this study were assured that their details would not be shared or disclosed for purposes other than in this study. The analysed data was displayed graphically, reflecting all participants. No financial or non-financial incentives were used to encourage participants to participate in the study. Information that was shared in confidence was treated as such and will not be disclosed to anyone before obtaining approval from the party that shared the information. The real names of the participants were not disclosed. The final report does mention individual company names or individual participants, but the findings were reported in the form of group data. The researcher made use of numbers rather than names to identify individuals.

3.12 Chapter summary

This chapter contains the methodology followed in this study. A positivist paradigm embedded in the quantitative approach was used in this study. The research design was descriptive. Data was collected using a pre-tested questionnaire to identify errors and eliminate any possible ambiguities. The SPSS version 24 was used to analyse data, and descriptive statistics were used in the study. Ethical considerations followed in this study included obtaining permission to carry out from the North-West University, and during data collection, participants were asked to sign consent forms.

CHAPTER 4: EMPIRICAL INVESTIGATION

4.1 Introduction

The previous chapter described the research methodology that was used in obtaining the data for the study. The purpose of this chapter is to present the empirical findings of the cross-sectional survey design articulated in the methodology chapter. The main objective of the study was to explore the impact of

the procurement process on sustaining SMEs in the Mpumalanga province of South Africa.

The objectives to be met were to explore the level of understanding of the legislation on the procurement in sustaining SMEs in Nkangala District in Mpumalanga Province To identify factors that influence procurement in sustaining SMEs in Nkangala District in Mpumalanga Province. To examine the challenges confronting procurement processes in sustaining SMEs in the Nkangala District in Mpumalanga province and to establish strategies that can be adopted to improve procurement processes in sustaining SMEs in Nkangala District in Mpumalanga Province. The data was analysed using descriptive statistics with the aid of the SPSS software version 26.

The first section of the analysis reports on the response rate of the study, which is then followed by descriptive statistics of the social demographic characteristics. Descriptive statistics are then presented in the subsequent sections according to each objective. Finally, results are presented, including tests for reliability test results, which were computed using Cronbach's alpha coefficient.

4.2 Response Rate

The participants included managers, employees, and owners of SMEs and SMMEs contracted by Exxaro and directly participating in procurement processes. A total of 40 questionnaires were emailed to participants, and all responded to appropriately, which translates to 100% of responses, as indicated in table 4.1. It is also indicated that there were no spoilt responses and there were no missing data because if the participant gave consent, all the questions were mandatory. The table below shows the response rate.

Table 4- 1 Response rate

	Frequency	Per cent
Initial total responses	40	100%
Non usable responses	0	0
Total usable responses	40	100%

(Source: Own Compilation)

4. 3. Gender

The gender of participants was categorised into three groups which were males, females and those who preferred not to say. This grouping was done to capture the contentions on gender issues recently. Figure 4.1 shows the gender responses of participants.

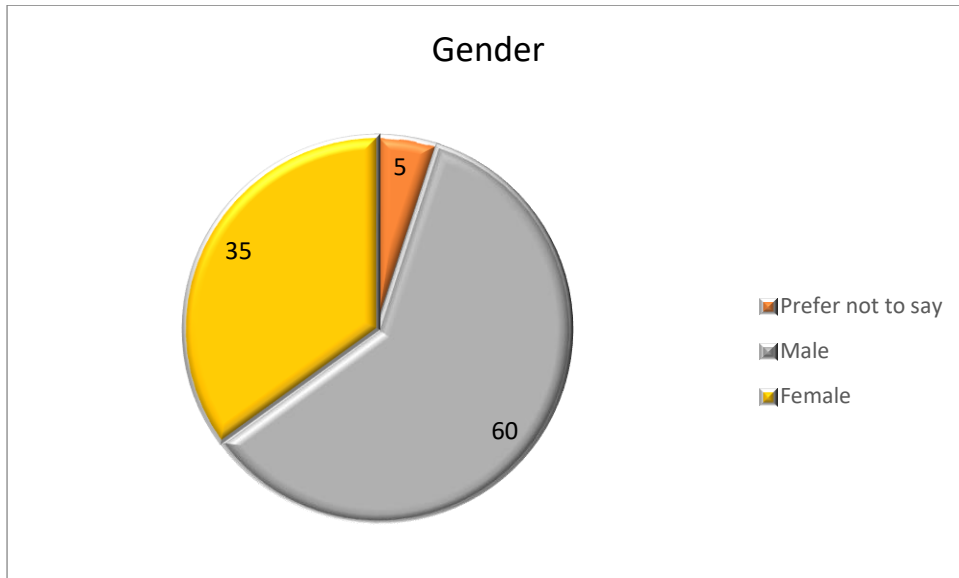


Figure 4- 1 Gender of participants (Source: Own Compilation)

The majority of the participants were males, 24(60%), followed by females comprising 14 (35%), and 2 (5%) preferred not to say. The procurement process is an important aspect of business activity, and gender plays a crucial role in decision-making. Therefore, the choices for procurement, managing suppliers and buyers have a certain imperative on gender.

4.4 Age

The pie chart below shows the results for the age distribution of participants. Most participants, 50%, were in the age range of 31-40 years, followed by 25% in the age range of 41-50 years. Participants aged 21-30 were 12.5%, while 10% and 2.5% were in the age range of 51-60 years and 15-20 years, respectively. Most people in middle age are entrusted to hold the procurement portfolio because they are trusted and have vast experience on the job. In addition, people in the middle age are aggressive opportunity seekers who use their expertise to establish new businesses.

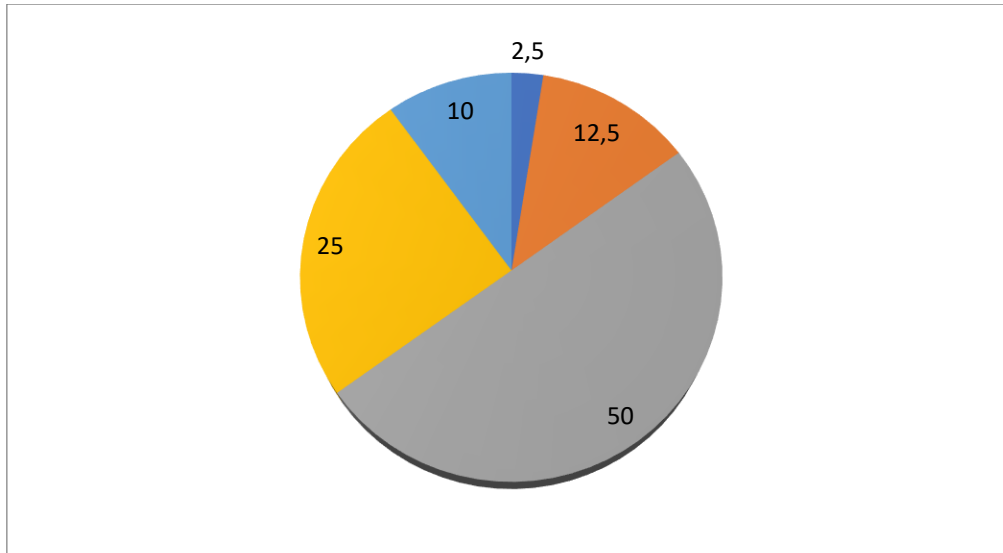


Figure 4- 2 Age distribution of participants (Source: Own Compilation)

The age range of 51-60 years or above is known to occupy a very senior position in the organisation. They are also likely to be small business owners as they choose to retire from managing their ventures. Very few youths are entrusted with the sensitive position of supply chain managers because the job demands intensive on-the-job training.

4.5 Status of Business Ownership

The results of the status of business control are presented in figure 4.3 in the form of a pie chart (see Figure 4.3). Most of the participants, 85% were company owners, and only 15% were managers. This portrays a fair reflection of most South African SMEs' state. Financial constraints and a lack of business support structures hinder most small to medium enterprises from hiring professional managers. However, the participation of business owners provides a clear grounding of the study because the information gathered is from first-hand experience. Unlike managers whose authority is limited to internal affairs, owners can give detailed information regarding their business and are willing to contribute to the betterment of the existing constraints facing many small businesses.

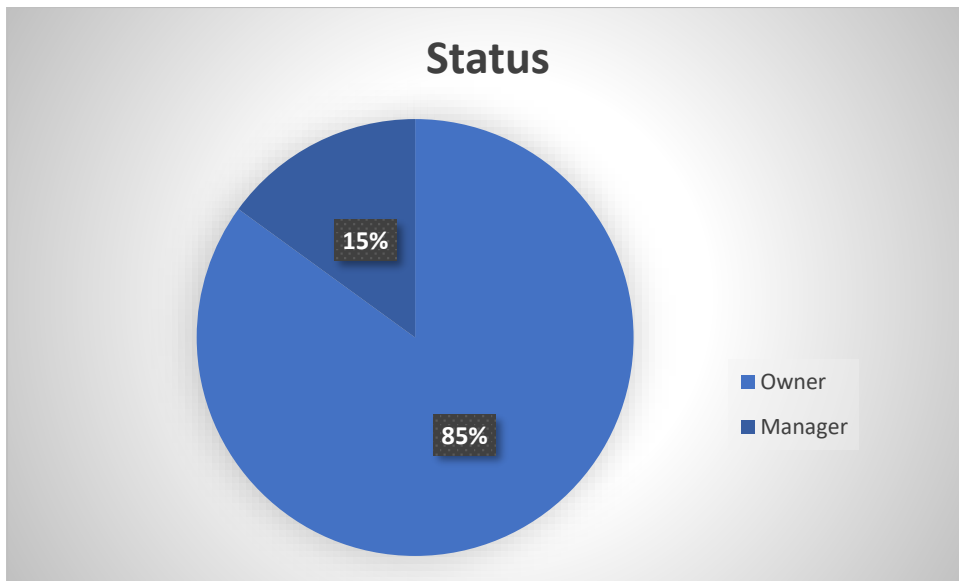


Figure 4- 3 Status of business ownership (Source: Own Compilation)

4.6 Descriptive Statistics of Constructs

The items in the questionnaire were divided into four constructs, each having five sub-questions. The constructs were measured using a five-point Likert scale which ranged from 1 (strongly disagree) to 5 (strongly agree). In the interpretation of findings, “strongly agree” and “agree” were combined to give the level of agreement, while “strongly disagree” and “disagree” together gave the level of disagreement. A mean of at least 3.5 meant that the respondents agreed, while a mean below 2.5 meant that they disagreed. The constructs' issues were ranked using the mean, and the descriptive statistics of the constructs are discussed in the following subsections.

4.6.1 Level of understanding of the legislation on the procurement in sustaining SMEs in Nkangala District in Mpumalanga Province

The level of understanding of the legislation on the procurement process in sustaining SMEs was measured using five items, and the proportions are presented in table 4.3 below.

Table 4- 2 Level of understanding of legislation

Statement	Level of Agreement	Mean

	“S” Agree	Agree	Undecided	Disagree	“S” DA	
1. There are legislation and policies that support procurement in the development of SMEs.	8 (20%)	23 (57.5%)	5 (12,5%)	3 (7.5%)	1 (2.5%)	2.15
2. The development of SMEs is founded on the Constitution of South Africa 1996.	9 (22.5%)	18 (45%)	8 (20%)	4 (10%)	1 (2.5%)	2.25
3. The BBBEE seeks to promote the participation of blacks through economic transformation	14 (35%)	22 (55%)	2 (5%)	2 (5%)	-	1.8
4. The National Small Business Act, 102 of 1996, is key in supporting SMEs	7 (17.5%)	22 (55%)	7 (17.5%)	2 (5%)	2 (5%)	2.25
5. The Preferential Procurement Policy Framework prioritises the purchase of goods	10 (25%)	17 (42.5%)	8 (20%)	5 (12.5%)	-	2.20

and services by SMEs						
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(Source: Own compilation)

The majority of participants were found in the category of agreeing, with 20% (8) strongly agreeing and 57.5% (23) agreeing that there are legislations and policies supporting procurement processes for SMEs' development. About 12.5% (5) were undecided, and 7.5% (3) and 2.5% (1) disagreed and strongly disagreed, respectively. Regarding the notion that the development of SMEs is founded in the Constitution of the Republic of South Africa, most participants, 45% (18) and 22.5% (9) agree and strongly agree, respectively. Only 20% (8) were undecided. Those who disagreed were 10% (4) and only 2.5% (1) strongly disagreed. The majority of the participants, 55% (22) and 35% (14), agree and strongly agree that the BBBEE seeks to promote the participation of blacks through economic transformation. Only 5% (2) were undecided, and another 5% (2) disagreed. Regarding the notion of the National Small Business Act, 102 of 1996 and its key role in supporting SMEs, more than half of the participants, 55% (22) and 17.5% (7), agree and strongly agree. About 17.5% (7) were undecided, 5% (2) disagreed and 5% (2) strongly disagreed. The mean was 2.25, which means that most of the participants agreed. About 42.5% (17) agree that the Preferential Procurement Policy Framework prioritises the purchase of goods and services by SMEs, and another 25% (10) strongly agree. Only 20% (8) were undecided, while 12.5% (5) disagreed. The mean was 2.20, indicating that most participants understood the PPPF and its role in supporting SMEs. The results are congruent with the findings of Quinot (2018:18) that the 2017 regulations require that the bid be awarded to the bidder scoring the highest market-related prices. However, the regulations do not clarify the exact meaning of market-related price. The preceding results indicate that there has not been a balanced approach towards awarding tenders because of corruption and deliberate departure from the due processes. Moreover, the adoption of PPE is hailed for creating opportunities for small businesses leading to the sustainability of small businesses (Ngwe et al., 2015:14).

As participants indicated that the procurement process framework is found in the Republic of South Africa's Constitution, it was revealed that such provisions are critical for poverty alleviation vis a vis the economic multiplier effect through just,

equitable and transparent measures to support small businesses. Ideally, the PMFA Act of 1990 is the principal regulatory framework for government expenditure and promotes accountability of public expenditure, and its application is justly understood (Constitution of the Republic of South Africa, 2000:56). Sustainability of small entrepreneurship is becoming more critical than ever in South Africa. As indicated, most of the participants agree that current policies such as the BBBEE are instrumental in the sustenance of SMEs. Similar results were echoed by Ogujiuba et al. (2021:35) that government policies such as the BBBEE play a fundamental role in creating and sustaining SMEs. Pillay (2018:19) concur that BBBEE is important for empowering black-owned small businesses and is commended for bringing economic transformation. This is supported by the current findings in the study as most of the participants agree that BBBEE is important for economic transformation and uplifting small businesses.

4.6.2 Factors that influence procurement in sustaining SMEs in Nkangala District in Mpumalanga Province

The results of factors that influence procurement in sustaining SMEs are presented in table 4.3 below

Table 4- 3 Factors that influence the procurement process in sustaining SMEs

Statement	Level of Agreement					Mean
	“S” Agree	Agree	Undecided	Disagree	“S” D A	
1. Policies and regulations on procurement are an important component in the growth and development of SMEs.	11 (27.5%)	22 (55%)	5 (12.5%)	2 (5%)	-	1.95
2. Educating and training	16 (40%)	18 (45%)	2 (5%)	4 (10%)	-	1.85

SMEs members to facilitate the procurement process is vital.						
3. Access to financial services helps SMEs to procure needed materials for organisational sustenance.	18 (45%)	18 (45%)	2 (5%)	2 (5%)	-	1.70
4. The ability of SMEs to access existing markets for goods and services assists in mediating the procurement process.	16 (40%)	16 (40%)	5 (12.5%)	3 (7.5%)	-	1.88
5. Advances in technological services facilitates procurement for SMEs.	14 (35%)	14 (35%)	10 (25%)	2 (5%)	-	2
6. The management structure of SMEs influences the procurement function that sustains the entities	12 (30%)	16 (40%)	12 (30%)	-	-	2

(Source: Own compilation)

Participants were asked to indicate their level of understanding of the factors that influence procurement process in sustaining SMEs to respond on a Likert

scalars respond on a Likert scale to indicate their level of understanding of the factors that influence the procurement process in sustaining SMEs. Responding to the important role of the procurement process as a component in the growth and development of SMEs, 55% (22) agree, 27.5% (11) strongly agree. Only 12.5% (5) were undecided, and 5% (2) disagreed. As most participants agree that policies and regulations are critical for the development of SMEs in South Africa, this means that major policy reviews should be instituted to support SMEs.

Unclear policies and inconsistencies that affect the efficient application of procurement procedures contribute to the failure of SMEs (Krugar, 2020:13). Windapo et al. (2019:17) argue that the achievement of SME development has little to do with preferences or the use of specific procurement strategies. However, procurement strategies thrive in a policy-friendly environment supporting the development of SMEs.

Participants were asked to indicate their level of agreement with the lack of education and training of owners of SMEs about the benefits of the procurement process. Leboea (2017:44) found similar results indicating that lack of training and education on the procurement process is one of the causes of the failures of SMEs. Skills are critical ingredients for sustaining SMEs in every economy. Kot (2019:11) notes that the skills the lack of supply chain specialists that understand the procurement processes continue to thwart the growth of SMEs. It was pointed out that 45% (18) and 40% (16) agree and strongly agree, respectively. Only 5% (2) were undecided, 10% (4) disagreed, and the mean was 1.8.

The majority of the participants, 45% (18) and 45% (18), strongly agree with the notion that Access to financial services helps SMEs procure needed materials for organisational sustenance. Only 5% (2) were undecided, and 5% (2) disagreed with the mean of 1.70. As most of the participants agree that lack of finance challenges the development of SMEs, there is a broad concurrence in literature with this notion. For example, Hinrichs (2019:36) established a strong relationship between SME failure and lack of finance.

Finance is the mainstay of business survival because it enables the functioning of many business processes. The UNDP (2019:54) highlights the need to create

supporting structures that provide financial assistance to start-up businesses and further offer guidance on equitable financial management. This is so because access to finance has mainly serviced the matured companies with history of operation of not less than 5 years neglecting the newly formed businesses (SAVCA, 2019:25). The McKinsey report (2021:9) argues that even when funding is available, low awareness of opportunities and a lack of financial knowledge remain major barriers to SMEs accessing the required support.

The majority of the participants, 40% (16) and 40% (16), strongly agree with the notion that the ability of SMEs to access existing markets for goods and services assists in mediating the procurement process. Only 12.5% (5) were undecided, 7.5% (3) disagreed; the mean was 1.88. The findings concur with the Report of McKinsey (2021:19), which indicated that the SME market continues to shrink, thus inhibiting their growth. Lack of markets and marketing skills limits penetration into untapped markets since the existing markets are already saturated.

Regarding the ability of advances in technological services to facilitate procurement for SMEs, 35% (14) and 35% (14) strongly agree and agree, respectively. About 25% (10) were undecided, only 5% (2) disagreed, and the mean was 2. Most participants (30% (12) strongly agree, and 40% (16) agree that the management structure of SMEs influences the procurement function that sustains the entities. Only 30% (12) were undecided, and the mean was 2. Technology is the most pertinent driver of business growth and its role in sustaining SMEs cannot be underestimated. Nguyen (2022:13) concur that adopting technology in procurement services is vital for smoothening business processes. In another study, Singh and Chan (2022:134) established a strong relationship between e-procurement technologies and the sustainability of SMEs. However, building the technological infrastructure remains challenging for SMEs because they lack the appropriate skills and finance to install such technologies.

4.6.3 Challenges confronting procurement in sustaining SMEs in Nkangala District in Mpumalanga province.

A Likert scale was used to measure the various levels of agreement regarding the challenges confronting procurement processes in sustaining SMEs in the Mpumalanga province. The results are presented in Table 4.4 below.

Table 4- 4 Challenges confronting procurement process for SMEs

Statement	Level of Agreement					Mean
	"S" Agree	Agree	Undecided	Disagree	"S" DA	
1. The passivity of owners/managers of SMEs in taking advantage of the positive procurement policies limits their growth.	14(35%)	15 (37.5%)	9 (22.5%)	2 (5%)	-	1.95
2. Lack of proper education regarding procurement affects the sustenance of SMEs.	15 (35%)	17 (42.5%)	5 (12.5%)	2 (5%)	1 (2.5%)	1.85
3. The weak culture of entrepreneurship has a negative influence on the procurement of SMEs	14 (35%)	14 (35%)	6 (15%)	5 (12.5%)	1 (2.5%)	1.70
4. The problem of limited financial support hampers the procurement	16 (40%)	14(35%)	8 (20%)	2 (5%)	-	1.88

activities of SMEs.						
5. The shortage of needed equipment faces the procurement function of SMEs to sustain the companies.	14 (35%)	20 (50%)	4 (10%)	2 (5%)		2

(Source: Own Compilation)

Participants were asked if the passivity of owners/managers of SMEs in taking advantage of the positive procurement policies limits their growth. Most participants (35% (14), strongly agree, and 37.5% (15) agree. Only 22.5% (9) were undecided, and 5% (2) disagreed. The majority of the participants, 42.5% (17), agree, and another 35% (14) strongly agree that the weak culture of entrepreneurs negatively influences on procurement of SMEs. About 12.5% (5) were undecided, 5% (2) disagreed and 2.5% (1) strongly disagreed. The mean was 1.85. Running of business of any level requires the assertiveness of leaders to take advantage of current opportunities and convert them into a value which is profits.

As indicated in this study's results, most SME owners lack the business drive and certain attributes needed to build a successful business. Alraja (2022:233) notes that the emerging business opportunities in green procurement should provide a springboard for the establishment and sustainability of SMEs, but most managers and owners are reluctant to venture into them. Like the current study's findings, Kumar (2020:34) concurs that lack of business foresight among business owners is a major challenge among many businesses. All these challenges culminate in a weak entrepreneurial culture, which is also found to be a major challenge affecting the sustenance of SMEs (Knight, 2022:8).

Most of the participants, 40% (16), strongly agree, and 35% (14) agree that the problem of limited financial support hampers the procurement activities of SMEs. About 20% (8) were undecided, 5% (2) disagreed, and the mean was 1.88. Lack of financial support for SMEs, particularly those in the procurement sector, remains acute and causing such businesses to fail. As most participants agree that lack of finances threatens the sustenance of SMEs, similar findings were reported in a

worldwide study for SMEs (UNDP, 2016:86). The findings concur with Dlovo (2017:60), who noted that lack of finance for SMEs is mainly due to asymmetric information. Considering the underlying challenges of finances for SMEs, the Asian Development Bank (ASD) (2018:18) developed an inclusive financial strategy to cater to financially distressed SMEs. The findings concur with Yoshino and Taghizadeh-Hesary (2016:330), who reiterated that lack of financial support constrains the business activities of SMEs. Regarding the notion that the shortage of needed equipment faces the procurement function of SMEs to sustain the companies, 50% (20) and 35% (14) agree and strongly agree, respectively. Only 10% (4) were undecided, and 5% (2) disagreed. The mean was 2. Equipment and technological facilities are important aspects sustenance of SMEs.

4.6.4 Strategies that can be adopted to improve procurement in sustaining SMEs in Nkangala District in Mpumalanga Province

A Likert scale was used to measure the level of agreement on various strategies that can be adopted to improve procurement processes for sustaining SMEs. Table 4.5 below gives a summary of the results.

Table 4- 5 Strategies for improving procurement process

Statement	Level of Agreement					Mean
	“S” Agree	Agree	Undecided	Disagree	“S” D A	
1. The use of e-technology should be adopted to improve the procurement function of SMEs.	14(35%)	22 (55%)	3 (7.5%)	1 (2.5%)	-	1.78
2. SMEs should be situated in	16 (40%)	19 (47.5%)	3 (7.5%)	2 (5%)	-	1.78

areas where they are well connected about procurement						
3. SMEs should adopt good corporate governance principles to ensure their sustainability.	17 (42.5%)	18 (45%)	4 (10%)	1 (2.5%)	-	1.73
4. Owners and managers of SMEs should be educated enough to instil a new mindset pertaining to the place of procurement in business.	16 (40%)	23(57.5%)	1 (2.5%)	-	-	1.63
5. SMEs should adequately utilise available public policies and programmes to boost business practices.	19 (47.5%)	18 (45%)	3 (7.5%)	-	-	1.60
6. SMEs need to exercise financial discipline to enhance	23 (57.5%)	17 (42.5%)	-	-	-	1.43

the procurement of needed materials and services.						
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(Source: Own Compilation)

Participants were asked to indicate their level of agreement with the adoption of technology in the procurement processes, and most of the participants 55% (22) agreed, and another 35% (14) strongly agreed. Only 7.5% (3) were undecided, and 2.5% (1) disagreed. The adoption of e-procurement infrastructure is widely accepted for many reasons, but the most important is eliminating unnecessary paperwork and bureaucracy. Philbin *et al.* (2022:13) argue that innovation through digital transformation has the capacity to enable sustainability, competitiveness and customisation in products and services. Although SMEs' adoption of digital technologies to underpin sustainability outcomes is widely accepted, it is poorly implemented (Rosa et al., 2022:8).

Most participants, 47.5% (19) and 40% (16), agree that SMEs should be situated in areas where they are well-connected regarding procurement. The results are similar to the findings of Singh and Chan (2022:22) in that the notion of SMEs placement is an important aspect when considering the sustainability of SMEs. About 7.5% (3) were undecided, 5% (2) disagreed, and the mean was 1.78. Most of the participants, 45% (18) and 42.5% (17), agree and strongly agree with the notion that SMEs should adopt good corporate governance principles to ensure their sustainability. Good corporate governance is a critical survival aspect for the sustenance of SMEs. It is an overarching discipline covering financial management, the supply chain processes and business operations management. Philbin et al. (2022:14) suggest standard provisions with entrenched guiding principles for good corporate governance. Only 10% (4) were undecided, 2.5% (1) disagreed, and the mean was 1.73.

Participants were asked if the strategy that owners and managers of SMEs should be educated enough to instil a new mindset pertaining to the place of procurement in business. Majority of the participants, 57.5% (23), agree, and another 40% (16) strongly agree. Only 2.5% (1) were undecided, and the mean was 1.63. The lack of

skills is widely accepted as a challenge limiting the sustenance of SMEs. Most participants agree that owners and managers of SMEs should be educated to instil a new mindset pertaining to procurement in the business is an appropriate strategy. Chouki et al. (2020:18) concurred that retooling business owners and managers in terms of skills and knowledge about procurement is an important strategy to enhance the sustenance of SMEs. Although this study focuses on the procurement process, the skills should be cut across various business management disciplines. Only one skill does not contribute to the effective function of the business. Most participants, 47.5% (19), strongly agree that SMEs should adequately utilise available public policies and programs to boost business practices. Another 45% (18) agreed, and only 7.5% (3) were undecided.

Fourie (2020:14) highlights the various public policies and legislation that govern the procurement processes and further argues that SMEs should invest in understanding and investing these to sustain their operations. This implies that SMEs should adequately utilise public policies and programs to boost business practices. The mean was 1.60. Regarding the notion that SMEs need to exercise financial discipline to enhance the procurement of materials and services, the majority of the participants, 57.5% (23), strongly and 42.5% (17), agree, and none of the participants disagrees. The mean was 1.43. Financial literacy is a critical skill for any aspiring business venture. For SMEs in the procurement process, financial management is tied to business sustenance because it is the backbone of business activities (Wolmarans & Meintjes, 2017:207). The World Bank Report (2021:67) highlights various financing strategies for SMEs to cover the unmet financial gap. If these strategies are supported, the SMEs will mature quickly into formidable businesses which can contribute the economic growth.

4.7 Reliability Test

Reliability analysis was conducted to assess whether the measurement instrument (questionnaire) is reliable in producing the intended results. The reliability test was performed using Cronbach's Alpha test, and the results are presented in the table below. The results indicate a strong internal consistency amongst variables with N=40 (variables considered) and a Cronbach's Alpha ($\alpha=0.78$). The measurement instrument can therefore be regarded as reliable – see table 4.7.

Table 4- 6 Reliability Test

Cronbach's Alpha	Number of variables
0.78	40

Source: Own Compilation

4.8 Validity

The test for the validity of results was conducted using the Kaiser- Meyer-Olkin measure of sampling adequacy. Sampling adequacy refers to the number of entries in the research sample. The research sample should reach a certain number, usually above 40, to be analysed without difficulties. The results show that the instrument was valid, including all variables tested with a 57% significance level and an approximate chi-square of 85.38 and 80 degrees of freedom. A chi-squared test is a statistical hypothesis test that is valid when the test statistic is chi-squared distributed under the null hypothesis, specifically Pearson's chi-squared test and variants thereof. The results were congruent with Barlett's test of sphericity which measures the sampling accuracy. Bartlett's Test of Sphericity compares an observed correlation matrix to the identity matrix. Essentially it checks to see if there is a certain redundancy between the variables that we can summarise with a few factors.

Table 4- 7 Bartlett's test of Sphericity

<i>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</i>	Approx. Chi-Square	Df	Sig.
0.670	85.38	78	0.00

(Source: Own Compilation)

4.9 Chapter Summary

The purpose of this chapter was to analyse data. Descriptive statistics were used to analyse data using SPSS version 26. The demographic details show that most of the participants were males and were SMEs owners. The first section addressed the level of understanding of legislation and policies regarding the procurement processes. Most of the participants were unaware of the regulations surrounding procurement, which affects the sustenance of SMEs. In addition, lack of finance,

limited access to markets and lack of skills are the major factors affecting the sustenance of SMEs. The results indicate that adopting e-procurement technologies is a good strategy for sustaining SMEs. Other strategies, include being in a good location, training of business owners and managers, improving access to finance and practising good corporate governance was key in sustaining SMEs. The next chapter provides a synthesis of the study which is informed by the empirical investigation.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter is to discuss the impact of procurement processes on sustaining SMEs in Mpumalanga province. The conclusion and recommendations are based on the results of the study which were presented in the previous chapter. Limitations of the study were be illustrated and suggestions for further research were be identified. The chapter provides managerial implications of the study in the end.

5.2 Summary of the main findings

This section summarises the results according to each objective of the study.

The main objective was:

Explore the level of understanding of the legislation on the procurement in sustaining SMEs in Nkangala District in Mpumalanga Province

In exploring the level of understanding of the procurement legislation, the results revealed that most of the participants were found in the category of agreeing, with 20% (8) strongly agreeing and 57.5% (23) agreeing that there are legislations and policies that support procurement processes for the development of SMEs. On the other hand, about 12.5% (5) were undecided, and 7.5% (3) and 2.5% (1) disagreed and strongly disagreed, respectively.

Regarding the notion that the development of SMEs is founded in the Constitution of the Republic of South Africa, most participants, 45% (18) and 22.5% (9), agree and strongly agree, respectively. Only 20% (8) were undecided. Those who disagreed were 10% (4) and only 2.5% (1) strongly disagreed. Most of the participants, 55% (22) and 35% (14), agree and strongly agree that the BBBEE seeks to promote the participation of blacks through economic transformation. Only 5% (2) were undecided, and another 5% (2) disagreed. Regarding the notion of the National Small Business Act, 102 of 1996 and its key role in supporting SMEs, more than half of the participants, 55% (22) and 17.5% (7), agree and strongly agree. About 17.5% (7) were undecided, 5% (2) disagreed and 5% (2) strongly disagreed. The mean was 2.25, which means that most of the participants agreed. About 42.5% (17) agree that the Preferential Procurement Policy Framework prioritises the purchase of goods and services by SMEs, and another 25% (10) strongly agree. Only 20% (8) were undecided, while 12.5% (5) disagreed. The mean was 2.20, indicating that most participants understood the PPPF and its role in supporting SMEs.

The other secondary objective focused on the following:

Identifying factors that influence procurement in sustaining SMEs in Nkangala District in Mpumalanga Province

The majority of respondents, constituting 55%, agreed on the important role of the procurement process as a component in the growth and development of SMEs, while 27.5% (11) strongly agreed. Only 12.5% (5) were undecided, and 5% (2) disagreed. It was noted that 45% (18) and 40% (16) agree and strongly agree, respectively. Only 5% (2) were undecided, and 10% (4) disagreed, and the mean was 1.8.

The majority of the participants, 45% (18) and 45% (18), strongly agree with the notion that Access to financial services helps SMEs procure needed materials for organisational sustenance. Only 5% (2) were undecided, and 5% (2) disagreed with the mean of 1.70. Most of the participants, 40% (16) and 40% (16), strongly agree and agree, with the notion that the ability of SMEs to access existing markets for goods and services assists in mediating the procurement process. About 12.5% (5) were undecided, and 7.5% (3) disagreed; the mean was 1.88.

Regarding the ability of advances in technological services to facilitate procurement for SMEs, 35% (14) and 35% (14) strongly agree and agree, respectively. About 25% (10) were undecided, only 5% (2) disagreed, and the mean was 2. Most participants (30% (12) strongly agree, and 40% (16) agree that the management structure of SMEs influences the procurement function that sustains the entities. Only 30% (12) were undecided, and the mean was 2.

Another secondary objective focused on:

Investigating the challenges confronting procurement processes in sustaining SMEs in Nkangala District in Mpumalanga province

Participants asked if the passivity of owners/managers of SMEs in taking advantage of the positive procurement policies limits their growth, and most of the participants, 35% (14), strongly agree, and 37.5% (15), agree. Only 22.5% (9) were undecided, and 5% (2) disagreed. Most of the participants, 42.5% (17), agree, and another 35% (14) strongly agree that the weak culture of entrepreneurship negatively influences SME procurement. About 12.5% (5) were undecided, 5% (2) disagreed and 2.5% (1) strongly disagreed. The mean was 1.85.

Majority of the participants, 40% (16), strongly agree, and 35% (14) agree that the problem of limited financial support hampers the procurement activities of SMEs. About 20% (8) were undecided, 5% (2) disagreed, and the mean was 1.88. Lack of financial support for SMEs, particularly those in the procurement sector, remains acute and causing such businesses to fail. Regarding the notion that the shortage of needed equipment faces the procurement function of SMEs to sustain the companies, 50% (20) and 35% (14) agree and strongly agree, respectively. Only 10% (4) were undecided, and 5% (2) disagreed. The mean was 2.

Another secondary objective focused on:

Investigating strategies that can be adopted to improve procurement processes in sustaining SMEs in Nkangala District in Mpumalanga Province

Participants were asked to indicate their level of agreement with the adoption of technology in the procurement processes, and most of the participants 55% (22) agreed, and another 35% (14) strongly agreed. Only 7.5% (3) were undecided, and 2.5% (1) disagreed. The adoption of e-procurement infrastructure is widely accepted for many reasons, but the most important is eliminating unnecessary paperwork and bureaucracy. Most participants, 47.5% (19) and 40% (16), agree that SMEs should be situated in areas where they are well connected regarding procurement. About 7.5% (3) were undecided, 5% (2) disagreed, and the mean was 1.78. Most of the participants, 45% (18) and 42.5% (17) agree and strongly agree, respectively, that SMEs should adopt good corporate governance principles to ensure their sustainability. Only 10% (4) were undecided, 2.5% (1) disagreed, and the mean was 1.73.

Participants were asked if the strategy that owners and managers of SMEs should be educated enough to instil a new mindset pertaining to the place of procurement in business. Most of the participants, 57.5% (23), agree, and another 40% (16) strongly agree. Only 2.5% (1) were undecided, and the mean was 1.63. Most participants, 47.5% (19), strongly agree that SMEs should adequately utilise available public policies and programs to boost business practices. Another 45% (18) agreed, and only 7.5% (3) were undecided. The mean was 1.60. Regarding the notion that SMEs need to exercise financial discipline to enhance the procurement of materials and services, most participants, 57.5% (23), strongly and 42.5% (17), agree, and none disagreed. The mean was 1.43.

5.3 Managerial implications of the study

The study's main aim was to assess the impact of procurement processes on sustaining SMEs in Mpumalanga province. The study's objectives revealed that managers and owners of SMEs need to invest in understanding the legislative and policy documents that govern the general procurement process. Being aware of

laws and regulations is not the end; owners and managers should provide leadership and orient other levels of employees about the existing regulations. In addition, owners and managers should lobby the government to revise the existing laws to align them with new developments in the procurement process.

The study revealed that many factors influence the procurement process. Managers and owners of SMEs should consider adopting e-procurement technologies, which are pertinent in sustaining businesses. The use of technology creates avenues for development and innovation. It was also revealed that challenges of good corporate governance and lack of access to finance face many SMEs. To overcome these challenges, the management should foster a culture of transparency, accountability, and good corporate governance. On a lack of access to finance, the managers should consider outsourcing costly services and assets to reduce operational costs. Training employees on various aspects of business operations is critical to ensure that they discharge their duties within the confines of the law and company practice.

5.4 Evaluation of the main findings

Overall, the objectives of the study were achieved. The data collection and data analysis methods were rigorous and assisted in ensuring that the findings fulfilled the . The assistance received from the Department of Statistics at North West University was crucial for ensuring that the research questionnaire contained questions which asked for straightforward answers which were easy to code and handle. The study was also made possible through adherence to ethical considerations, which were critical for smooth engagement with participants. Lastly, guidance from supervisors and library resources was critical for attaining the research objectives.

The main aim of the study was to explore the level of understanding of the legislation on procurement in sustaining SMEs in Nkangala District in Mpumalanga Province. The results demonstrated that most of the challenges are internal and strategic. For example, the results show that SMEs need to adopt modern strategies of procurement such as e-procurement which reduces paperwork and the burden of dealing with mistakes from manual filling. Moreover, participants were aware of the challenges that affect the effective implementation of sustainable procurement

practices, such as organisational culture and lack of training and skill among owners and managers of SMEs.

5.5 Recommendations

Based on the evidence gathered in this study, the following recommendations were proposed:

- SMEs need to invest in training employees on various laws and regulations which guide the procurement process and take advantage of policies such as the BBBEE.
- SMEs should endeavour to outsource specialised personnel who can administer certain portfolios such as finance and procurement. Most companies lose profits due to errors committed by inexperienced personnel. This is critical, especially during the initial stages when the entity does not have adequate capital. This is so because losses can be minimised from a cost perspective.
- The SMEs should establish appropriate synergies within and outside the procurement business so that they may benefit from diversity and easy-flow connections. This is important for solving the challenges of lack of markets.
- SMEs should invest in innovation and e-technology. Business in the current 4th industrial revolution is widely internet and technology-based. Adopting technology saves time and costs, ultimately improving the organisation's competitiveness.
- Going forward, researchers should further investigate the sustainability of the measures for improving the procurement processes.

5.6 Limitations of the study

This study was carried out during a restricted time of COVID-19 (2), which posed physical limitations which confined this study to be conducted online using google forms. Moreover, the time constraints and lack of finance experienced limited the number of participants, and the researcher could not travel to various locations of participants. This study was only limited to Mpumalanga and focused only on SMEs. This means that many other organisations were not considered in this study. In

future, it will be good to carry out a cross-sectional study which draws from a pool of various businesses in various stages of growth to make appropriate comparisons.

5.7 Conclusion

The study assessed the impact of the procurement process on sustaining SMEs in Nkhalanga Local municipality of Mpumalanga province. Four research objectives were explored using a quantitative research methodology. Descriptive statistics, such as mean and standard deviation, were used to analyse data. Results were presented using tables and graphs. Results show that factors such as lack of appropriate legislation to regulate the procurement process, lack of training, and slow adoption of technology affect the sustainability of SMEs. The procurement process requires adequate knowledge of the various legislative frameworks to achieve compliance. As revealed in the results, most SME owners and managers lack the orientation to the procurement process. Adopting e-procurement technologies, training and improving access to finance are the major strategies identified to be useful for sustaining SMEs. The study recommends a participatory and collaborative approach to solving challenges faced by SMEs. The process and legal frameworks must be straightforward, and easy to understand to encourage the development and sustenance of SMEs in South Africa.

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ANNEXURE

A QUESTIONNAIRE FOR OWNERS/MANAGERS ON THE IMPACT OF PROCUREMENT ON SUSTAINING SMALL AND MEDIUM ENTERPRISES IN MPUMALANGA PROVINCE

SECTION 1: BIOGRAPHICAL DATA

Kindly complete each item below by providing the required information:

1.1 Gender: Male Female

1.2 Age (in years):

1.3 Business owner/manager.....

SECTION 2: Statements that relate to the Impact of procurement on Sustaining Small and Medium Enterprises in Mpumalanga Province.

Choose a category that closely represents your understanding or perception with regard to the Impact of procurement on sustaining small and medium enterprises in Mpumalanga Province by indicating with an X in the appropriate space from Strongly disagree, Disagree, Undecided, Agree to Strongly agree.

	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Statements based on the level of understanding of the legislation on the procurement in sustaining SMEs in Nkangala District in Mpumalanga Province.					
1. There are legislation and policies that support procurement in the development of SMEs.					
2 The development of SMEs is founded on the Constitution of South Africa 1996					
3 The BBBEE seeks to promote the participation of blacks through economic transformation					
4 The National Small Business Act, 102 of 1996 is key in supporting SMEs					
5 The Preferential Procurement Policy Framework prioritises the purchase of goods and services by SMEs					
Statements based on factors that influence procurement in sustaining SMEs in Nkangala District in Mpumalanga Province					
1. Policies and regulations on procurement are an important component in the growth and development of SMEs.					
2. It is vital to educate and train members of SMEs to facilitate the procurement process.					
3. Assess to financial services helps SMEs to procure needed materials for organisational sustenance.					
4. The ability of SMEs to access existing markets for goods and services assists in mediating the procurement process.					

5. Advances in technological services facilitates procurement for SMEs.					
6. The management structure of SMEs influences the procurement function that sustains the entities.					
Statements based on the challenges confronting procurement in sustaining SMEs in Nkangala District in Mpumalanga province					
1. The passivity of owners/managers of SMEs in taking advantage of the positive procurement policies limits their growth.					
2. Lack of proper education regarding procurement affects the sustenance of SMEs.					
3. The weak culture of entrepreneurship has a negative influence on procurement of SMEs					
4. The problem of limited financial support hampers procurement activities of SMEs.					
5. The procurement function of SMEs is faced by the shortage of needed equipment to sustain the companies.					
Statements based on strategies that can be adopted to improve procurement in sustaining SMEs in Nkangala District in Mpumalanga Province					
1. The use of e-technology should be adopted to improve the procurement function of SMEs.					
2. SMEs should be situated in areas where they are well connected with regard to procurement.					
3. 'SMEs should adopt good corporate governance principles to ensure their sustainability.					
4. Owners and managers of SMEs should be educated enough to instil a new mindset pertaining to the place of procurement in business.					

5. SMEs should adequately utilise available public policies and programmes to boost business practices					
6. SMEs need to exercise financial discipline to enhance procurement of needed materials and services.					

Thank you for your co-operation