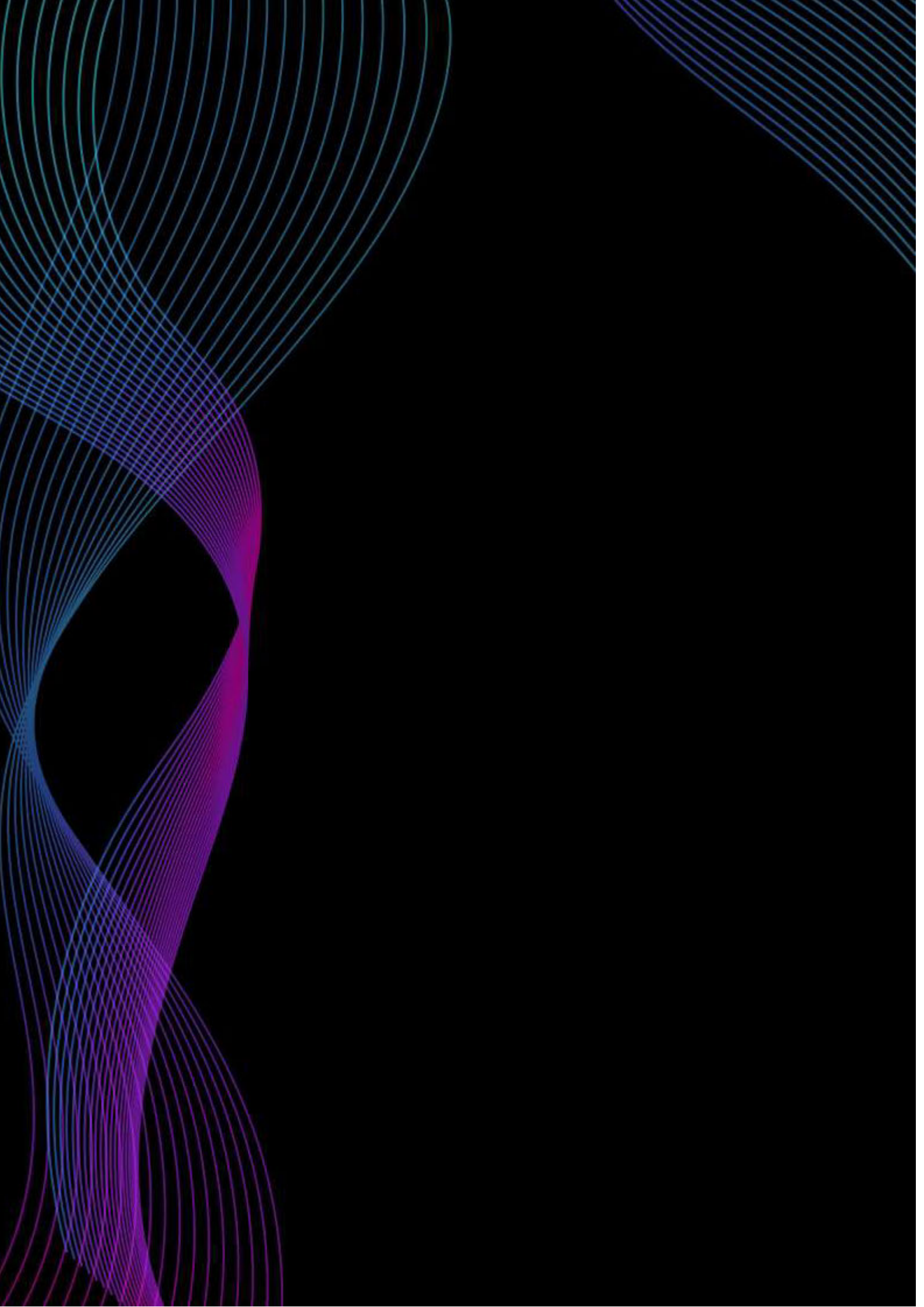




Declaration

I, Neha Mungal, hereby declare that the Research Report submitted for The IIE Bachelor of Commerce Honours in Management degree to The Independent Institute of Education is my own work, and has not previously been submitted to another University or Higher Education Institution for degree purposes.

Signature
Neha Mungal

Date

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Abstract

Small and Medium Enterprises (SMEs) have an important role to play in the development of the country. The SME sector contributes immensely to the economy by reducing the level of unemployment, reduction in poverty levels, promoting of entrepreneurship activity and assisting in the prosperity of the nation. In addition to the above, SMEs are generally inexpensive to start and have the potential to generate economic growth in South Africa. This research study explored the experiences, perceptions, role and challenges of SME owners and managers in reducing unemployment in Durban. The study made use of an interpretivist qualitative methodology to gain an in-depth understanding of the role SMEs play in reducing unemployment in Durban, Kwa-Zulu Natal. Non-probability purposive sampling was the sampling method used which further made use of semi-structured interviews as the data collection tool for this study. The data analysis was performed using thematic content analysis and made use of the Five Stages of Business Growth to deduce and address the research questions. The significant findings of the study revealed that owners and managers within the SME sector in Durban experienced difficulties in their role due to the lack of access to financial resources, high operating costs and inadequate managerial skills and competencies were found to be the major challenges faced by SMEs. The findings also indicated that SMEs are not getting enough support from the government and other development agencies.

A qualitative cross-sectional study describing the role Small Medium Enterprises play in reducing unemployment in Durban, Kwa-Zulu Natal

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1. Introduction

This research study was conducted to describe the role Small Medium Enterprises (SMEs) play in reducing unemployment in Durban, Kwa-Zulu Natal. This report identified the background of the study and why it is relevant. The Five Stages of Business Growth Model was made use of to support the purpose of the study. To further understand the context of SMEs in South Africa, a review of previous literature was conducted. Thereafter, the methodology section highlights the population and sampling of this study. Findings and interpretations of the findings are presented, identifying with the aim of answering the research question. Finally, this report identifies potential limitations and heuristic value.

1.1. Contextualisation

In recent years, there has been an increase in the acknowledgment of the unique contribution that SMEs make to employment creation, social stability and economic development. According to Independent Online (2020a; 2019) SMEs across South Africa represent more than 98% of businesses, employ 50-60% of the country's workforce across all sectors, and are responsible for a quarter of job growth within the private sector. SMEs are widely recognised for their role in social, political and economic development. It is for this reason that there has been a growing interest by the government, business experts and development agencies for the improved performance and growth of SMEs (Mahohoma, 2017).

Despite SMEs large contribution in development and economic growth, their development and growth in South Africa and across the globe are, mainly inhibited by the lack of access to finance, poor managerial skills, inadequate training opportunities and high costs of inputs (Akinbola, 2019).

Previous studies by Leboea(2017) and Marufu(2014) have assessed the problems limiting SME growth. These problems arise due to the lack of entrepreneurial skills, financing and markets. SMEs are seen as a partial solution to address the high unemployment rate in South Africa as the higher the number of SMEs created will result in more job opportunities.

It is therefore imperative for the government to ensure that it supports SMEs by creating a favourable environment where SMEs will be able to operate with minimal challenges (Ijaz, 2019). This research study followed an interpretivist, qualitative, phenomenological methodology and served as a guideline, to gain an in-depth understanding of the perceptions of SME owners, to describe the ability of SMEs in creating employment within the South African economy.

1.2. Rationale

Given the state of SMEs in South Africa, this study investigated the role and factors that affect the performance of SMEs in Durban, KZN. According to Akinbola (2019) SMEs are important in that they contribute significantly to economic growth through employment creation. With the South African economy being characterised by a high rate of unemployment, part of the solution to this problem can be the promotion of SMEs to create jobs. It is therefore imperative that an enabling environment for the growth and development of SMEs be established to stimulate the country's economic growth rate which could lead to the creation of more employment opportunities (Mwalyego, 2018).

The researcher developed an interest in this topic due to the persistent high unemployment problem within South Africa as well as recognising the ability of the SME sector to enhance employment creation, poverty alleviation and economic development. The researcher conducted this research study by exploring the invaluable contribution of SMEs within the South African economy in order to gain an in-depth understanding of the ability of the SME sector to create employment. According to Boise State University (2019) additional research was required, as there is a limited body of knowledge available. This study contributed to the academic field of commerce and economics and will be of value to the owners and managers in the SME sector in Durban. This study was therefore aimed to give a clearer understanding of this problem and to aid in possible solutions to the problem.

The contribution of this study would be of interest to anyone interested in entering the SME sector as well as future researchers, policy makers, tertiary institutions and SME owners.

Furthermore, this research study will provide meaningful knowledge and informative references, to scholars who wish to gain insight into the role of SMEs within the South African economy.

1.3. Problem statement

The transition from apartheid to democracy in South Africa led to the era of economic redressing, to deal with inherited economic and social legacies of apartheid, which includes unemployment, income inequality and poverty. South Africa continues to struggle with a structurally high unemployment rate since its independence in 1994 and the situation has deteriorated in recent years. According to Statistics South Africa(2020a; 2020b) the official unemployment rate no longer includes the discouraged work seekers. This significant change resulted in a decrease of 6.8% from 30.1% in the first quarter of 2020 to 23.3% in the second quarter of 2020.

Unemployment is a matter of serious concern for its effects on economic welfare, production, erosion of human capital and crime. Apart from the economic implications of South Africa's high unemployment rate, the social implications can be devastating, condemning a large portion of the country's population to poverty and inequality. SMEs contribute immensely to job creation, poverty alleviation, and economic growth in a nation (Mwalyego, 2018). According to Independent Online (2020a; 2019) SMEs employ between 50-60% of South Africa's work force and contribute approximately 34% of Gross Domestic Product (GDP).

This research study contributed to solving the problem by identifying the role SMEs play within the South African economy. This qualitative study therefore explored the perceptions of SME owners and managers in Durban, regarding the perceived challenges that hinder SME growth and development. However, future research should include an investigation into the experiences of the unemployed, strategies to further reduce the issue of unemployment and encourage the creation of SMEs to promote the economy.

1.4. Purpose statement

The purpose of this study was to describe the ability of SMEs in alleviating unemployment using a qualitative approach. SMEs are the essential constituents in the development of the economy and generating employment opportunities within country. Therefore, this research study placed importance on the role and growth of SMEs. The research participants were selected using purposive non-probability sampling. The data was collected from four SME owners/managers using semi-structured interviews. Findings were presented in a deductive qualitative content analysis, where the data was retrieved and placed in relevant themes and codes. The nature of this interpretivist study supported the Churchill and Lewis Growth Model and the central concepts SMEs, unemployment, job creation, economic development and economic growth.

1.5. Research questions

1.5.1. Primary Question

- What role do SMEs play in reducing unemployment in Durban, KZN?

1.5.2. Secondary Questions

- How do SMEs contribute to the growth of the South African economy?
- What are the challenges faced by SMEs that limit growth and employment?
- How does SME development contribute to employment creation?

1.6. Objectives

1.6.1. Primary Objective

- To describe the role of SMEs in reducing unemployment in Durban, KZN

1.6.2. Secondary Objectives

- To evaluate SMEs contribution to the growth of the South African economy
- To outline the challenges faced by SMEs that limit growth and employment
- To identify how SME development contributes to employment creation

2. Theoretical Foundation

2.1. The Five Stages of Business Growth:

In May 1983, Neil C. Churchill and Virginia L. Lewis wrote an article for the Harvard Business Review that introduced The Five Stages of Business Growth Model. This model is a business life cycle demonstrating the progression of small businesses and SMEs. The metatheoretical position of this model was an interpretivist paradigm, as the model offered an in-depth understanding of peoples' realities and subjectivities.

According to Churchill and Lewis (1983) as a new firm develops it moves through the growth stages, each with its own distinctive characteristics. Churchill and Lewis identified five stages namely existence, survival, success, take-off and resource maturity. In each stage of growth, a different set of factors is critical to the firm's survival and success. In the existence stage, the central focus of the business is obtaining customers and delivering the product or service contracted for. In reaching the survival stage, the main problem thus shifts from mere existence to the relationship between income and expenses (Gomez, 2017).

Haynes (2017) indicates that the success stage is characterised by the decision facing the owners to reap the company's rewards and pursue other activities or continue to invest the profit in the business. In the take-off stage, the key problems encountered are how to grow rapidly and how to finance the growth. To grow, the business will require an increase in capital, which means more employees, more equipment, more materials and better processes. In the final stage of growth the company will be looking internally to consolidate and control the revenue generated by rapid growth and retaining the advantages of size, flexibility and entrepreneurial spirit (Gomez, 2017).

2.1.1. Relevance

According to the Harvard Business Review by Churchill and Lewis (1983) confirm that small and medium enterprises grow in stages. This model gives an insight into the dynamics of SME growth, including the distinguishing characteristics, challenges, and requirements of growing SMEs and explains the business growth processes amongst SMEs. The challenge of new firm growth is that most SMEs in South Africa do not move from the first stage to other stages such as survival, success, take off and maturity.

SMEs may face challenges such as lack of financing for day-to-day operations including payroll, paying overhead expenses, funding an expansion or paying for ongoing marketing costs (Ijaz, 2019). A study done by Musabayana (2012) emphasised that the value of the stage approach assists owners and managers of SMEs to recognise future challenges and to anticipate the key requirements at different stages in the life of the business. Additionally, a study completed by Mchome (2017) explained the different stages of growth of an SME and the constraints that are involved during growth period.

Although, SMEs have the potential to create jobs and accelerate economic growth in South Africa, SMEs are still faced with several constraints. Some of these constraints include lack of finance, lack of competent advice, lack of knowledge, resources, interest rates, corruption and inflation. These constraints may result in the matter of unemployment, crime, interest rates and inflation burdens on SME funds therefore businesses simply do not have the necessary means to hire staff (Ijaz, 2019). Therefore, SME managers and owners must be trained and assisted to acquire the necessary skills to enhance the success rate of SMEs in South Africa in order to achieve a reduction in unemployment.

As a result, this model is important for SME owners and managers to understand, manage, make informed decisions and prepare the company for future challenges that are likely to arise during SME growth. The Churchill and Lewis model was designed to enable SME owners and managers to foresee future problems and anticipate solutions (Gomez, 2017).

Therefore, this model is applicable as it explains the predictable growth pattern of SMEs and identifies the managerial challenges that are essential in determining success or failure at each stage. SMEs enhance the livelihoods of the people who run and work for the enterprise as well as everyone that relies on the products that SMEs provide. The success of SMEs is therefore vital as SMEs create far-reaching ripples of positive effects for families, communities and the economy (Akinbola, 2019).

2.1.2. Criticisms

The Churchill and Lewis model has several limitations, including the emphasis it places on internal factors while placing less focus on external factors (Gomez, 2017). This limitation could threaten the validity of the model. Additionally, one of the main criticisms of the Churchill and Lewis model is that it is too linear assuming that each stage follows the next in a natural pattern, whereas in reality several businesses fail at early stages as they are unable to overcome a crisis.

According to O'Farrel and Hitchens (1988) The Five Stages of Business Growth are unavoidably linear; it fails to capture early stages in the origin and the growth of the company as it does not provide a detailed understanding of the process of change and growth, it measures firm size only in terms of sales and fails to account for external factors such as competition, regulatory factors and globalisation. Furthermore, a study conducted by Haynes (2017) argued that business success is not linear, nor do businesses consistently transition through each stage as business success is not predictable and faster growing businesses are likely to experience much shorter phases.

2.2. Review of past Literature

2.2.1. The Role of SMEs within South African Economy

In South Africa, SMEs are seen as a partial solution to the country's development issues, such as poverty, income inequality and unemployment. Lekhanya(2016) states that the SME sector has been acknowledged as an essential factor in encouraging and promoting economic growth through employment creation. SMEs play a significant and strategic role in uplifting the economy by creating jobs, contributing to growth, improving innovation and contributing to public investment by paying taxes and helping to ensure a fair distribution of wealth (Oyelana & Adu, 2015).

SMEs account for 91% of formal businesses in South Africa, contribute approximately 34% to GDP and provide employment for approximately 47% of the economically active population (Independent Online, 2020a; 2019). SMEs are therefore acknowledged as the backbone of the economy in recognition of their overall contribution.

Oyelana and Adu (2015) states that performance and advancement in the SME sector means more opportunities to grow and employ people, alleviating poverty, creating jobs and reducing crime rates. As argued by Akinbola (2019) the long term performance and growth of SMEs are limited, because of the several challenges they face. Despite the contributions of SMEs, research has shown that the failure rate of SMEs in developing countries is higher than that of the developed countries. As a result, the failure rate of SMEs paints a bleak picture of the SME sector's potential to contribute meaningfully to job creation and economic growth.

2.2.2. The Role of SMEs in Employment Creation

The South Africa economy currently faces a challenging socio-economic problem of high and persistent unemployment (Akinbola, 2019). The country's economy has for many years not been able to generate sufficient employment to absorb the growing labour force. According to Deveau (2018) SMEs struggle to find employees. Therefore, SMEs are more likely to hire individuals with less chances of finding employment such as inexperienced individuals, older personnel and less-skilled workers and train them. As argued by Lekhanya (2016) SMEs play an essential role in the development of the country's economy and have become a source of job creation. SMEs in South Africa generally use more labour intensive methods of production compared to larger firms. This indicates that SMEs have a high labour absorption capacity and plays a major role in the reduction of the unemployment in South Africa, which is currently 23.3% (Trading Economics, 2020a; 2020b).

2.2.3. Internal Factors affecting SMEs

Managerial Competency and Skills

According to Lekhanya (2016) managerial competence is a function of abilities, skills, capabilities and know-how. Managerial competencies are a prerequisite for the performance and success of SMEs. Therefore, a lack of management competencies constitutes a threat to SME survival and is a major constraint to their growth and development. SMEs are viewed as a fundamental contributor to employment creation, poverty alleviation and development in a country. With reference to the survival stage of the business model, it is vital that SME owners and managers have the necessary knowledge and skills about all the functional areas of the business (Ndege, 2015).

Inadequate Financing

According to Oyelana and Adu (2015) SMEs face problems and difficulties in their development as a consequence of lack of access to finance. The lack of financial support is one of the main challenges obstructing the growth and survival of SMEs in South Africa. SMEs have difficulty in growing due to insufficient collateral, high transaction costs and the incapability to deal with the complexity of formal financial institutions. Moreover, a number of studies have shown that SME's are generally faced with difficulties in obtaining credit or equity.

With reference to the existence and take-off stage of the business model, financial resources enable SMEs to obtain the necessary resources to expand, perform profitably and improve competitiveness and development (Lekhanya, 2016). Therefore, the financing of SMEs and access to finance plays a crucial role in the growth process and development of the enterprises.

Technological Capabilities

According Mchome (2016) a major catalyst in the rapid growth of businesses is the advancement in technology. SMEs receive significant support from the government and other organisations. However, SMEs encounter several challenges due to their technological capabilities or lack thereof. SMEs are hindered by a lack of technological implementation, despite great technological advancements globally. Moreover, SMEs are not innovative because of their financial limitations and inadequate know-how in the deployment of technology. However, technology is the backbone of innovation and hence, successful innovation leads to viable business growth. With regards to the take-off stage of the business model, SMEs require an increase in capital, more employees, equipment, materials and better processes. Therefore, there is a need to acquire technology and knowledge in order for SMEs to create competitive advantage from innovation (Ndege, 2015).

2.2.4. External Environmental Factors

Corruption

According to the Corruption Perceptions Index, South Africa ranks as the 44th most corrupt country in Sub-Saharan Africa (Dhlamini, 2020). Kazeem(2020) postulates that corruption negatively affects the growth potential of firms in a country.

A low level of corruption and a high level of security are prerequisites for the survival and growth of small and medium businesses. Crime and corruption negatively impacts investments, sales, business success and the cost of doing business. Furthermore, corruption reduces entrepreneurs' incentives to be competitive. In South Africa, entrepreneurs view crime as the biggest threat facing the SME sector as a loss from theft can be crippling and can threaten its very existence.

Competition

Oyelana and Adu(2015) states that by entering into a market, an organisation searches for competitive advantage which to a great extent depends on the success of the business. SMEs generally face low competitiveness in terms of knowledge, innovation, investment, business operations and management which are important elements in improving quality. Standards continuously change owing to the varying needs and expectations of consumers, technological advances and globalisation. Over the years, competition among SMEs has increased radically. SME survival is dependent on their ability to take full advantage of competition as it is important determinant of SME growth without it, firms have few incentives to invest and innovate. Therefore, SMEs should not compete on price as it can hinder their growth and should concentrate on increasing added value in order to enhance competitiveness (Lekhanya, 2016).

Interest Rates

Interest rates affect the performance of SMEs. Interest rates have a negative effect on the growth and development of SMEs (Ijaz, 2019). Therefore, an increase in the rate of interest is not desirable in SMEs as this leads to the poor performance. The lower the interest rate is in South Africa, the better it is for SMEs as this facilitates access to capital and thus resources required for entrepreneurs to succeed. Hence, entrepreneurs have the necessary resources required to succeed. According to Trading Economics (2020) South Africa's interest rate is currently 3.75%. The South African Reserve Bank states that rate cutting will ease financial conditions and improve the resilience of firms.

Inflation

According to Ijaz (2019) inflation results in the increase of expenses, this reduces the profits of SMEs and diverts investment to ensure the growth and success of the business. Inflation not only affects SMEs but also consumers as it increases the costs of goods and decreases their disposable income. Inflation has an impact on the success rate of SMEs. An economic downturn due to COVID-19, to which SMEs are vulnerable, hits developing countries the hardest. South Africa's inflation rate dropped from 4.1% to 3% in September 2020 reflecting the impact of the COVID-19 pandemic (Statistics South Africa, 2020a; 2020b).

With generally small reserves and limited working capital, many SMEs rely on a continuous demand for products and services. However, their ability to function is severely impacted by a sudden loss of demand and revenue for SMEs. Moreover, consumers experience a loss of income; heighten uncertainty which reduces spending and consumption.

2.2.5. The Advantages and Disadvantages of SME development

According to Oyelana and Adu (2015) unemployment is one of the most persistent economic challenges in South Africa. Fortunately, SMEs have the ability to create job opportunities across the country providing people with an income which enables them to purchase commodities such as food and clothing. Furthermore, enhancing the standard of living of individuals and ensuring a reduction in the crime rate as those who would have resorted to theft or robbery are gainfully employed. Martin, Authur-Aidoo, Aigavboa and Didibhutu (2016) argued that the existence of SMEs within an economy, may act as a source of inspiration to those individuals who would want to establish their own business. As a result, this alternate employment channel will contribute to employment creation within the South African economy.

Due to the size and number of employees, SMEs have simple structures and systems that facilitate flexibility. The relatively small size provides SMEs with the ability to offer customised and specialised goods and services. SMEs have the ability to modify its products and services quicker in response to the needs of the local community (Segundo, 2017). Owners and managers of small and medium businesses know their customer base far better than a large company.

Martin et al., (2016) state that employees develop camaraderie working within an SME as there are less staff members and smaller departments which allow employees to develop close working relationships with co-workers and managers. As a result, employees are much more committed to their work as their overall performance affects the entire company. SMEs generate competition and encourage innovation across a range of industries as they provide the economy with a healthy supply of new skills and ideas, and make the marketplace more dynamic (Segundo, 2017).

However, a significant disadvantage of SMEs is the restricted access to funding such as bank loans and other forms of external financing as SMEs do not have the financial power of large corporations. As a result, SMEs are characterised by a high degree of indebtedness (Oyelana & Adu, 2015). As argued by Chen (2017) SMEs are unable to take advantage of business opportunities due to lack of technical skills, inadequate financial support and limited administrative capabilities.

Segundo (2017) emphasises that the lack of entrepreneurial and business management skills as well as managerial know-how, places significant constraints on SMEs development. Moreover, SMEs often lack the financial resources to employ experienced personnel; as experienced personnel may be too costly and more interested in developing their skills at a larger enterprise (Martin et al., 2016).

2.3. Conceptualisation

2.3.1. Small Medium Enterprises

Small medium enterprises are non-subsidiary, independent firms that maintain revenues, assets and the number of employees below a level of 250 (Haynes, 2017). SMEs are important in that they contribute significantly to economic growth through employment creation. With the South African economy being characterised by a high rate of unemployment, part of the solution to this problem is the promotion of SMEs to create jobs (Anter, 2020). SMEs are a source of entrepreneurship abilities, innovation and the creation of new jobs. Therefore, SMEs play an essential role in the economy of a country.

2.3.2. Unemployment

According to Amadeo (2020) unemployment is defined as a situation where an individual of the economically active population is actively seeking employment is unable to find a job. SMEs generate employment by creating job opportunities; they serve as a training ground for employees, as they provide a comprehensive learning experience. SMEs employ approximately 47% of South Africa's economically active population. Therefore, SMEs constitutes a large portion of the economy and has the potential to create a significant number of job opportunities in South Africa (Mbaile, 2020).

2.3.3. Economic Growth

Agarwal (2020) states that economic growth is an increase in the market value of goods and services produced within a specific period. According to Mohr (2016) economic growth is the realised increase in the potential gross domestic product of an economy resulting in an increase in the level of national income. SMEs are becoming significantly more present as they play a vital role in the South African economy by creating job opportunities, providing various goods and services, developing local communities, boosting innovation and therefore increasing the gross domestic product of the economy.

2.3.4. Economic Development

Economic development is defined as the process that influences growth and restructuring of the economy to enhance the overall well-being and academic level of the general population (Pettinger, 2018). SMEs are essential constituents in the development of the South African economy. Furthermore, SMEs have been recognised as a key engine to economic development as they generate job opportunities in the economy. The importance of SMEs is evidenced by their high presence in the economic structure of the country (Mbaile, 2020).

2.3.5. Employment Creation

Employment creation can be described as the process of providing new jobs, especially for individuals who were previously unemployed or inactive (Mohr, 2016).

According to Independent Online (2020a; 2019), '[B]y 2030, government wants 90 percent of all formal jobs to be created by SMEs yet, while they are considered the solution to the economic and employment problems of South Africa'. Therefore, SMEs constitute a large part of the economy and have the potential to create a significant number of jobs in South Africa, which assists in reducing poverty, unemployment and inequality (Michael, 2019).

3. Research Methodology

3.1. Research Paradigm

A paradigm can be described as an overarching philosophical stance, a collection of beliefs, values, methods and theories that defines the nature of the world within which research takes place (White, 2020). The paradigm chosen for this study was an interpretivist paradigm. The choice of a qualitative methodology was theoretically and practically driven to seek an in-depth understanding of the experiences of the participants. According to Creswell (2007) qualitative research is usually supported by interpretivists, because an interpretive paradigm portrays a world in which reality is socially constructed, complex, and ever changing. Therefore, interpretivism is a research paradigm that promotes the value of qualitative data in pursuit of knowledge.

3.1.1. Ontology

The ontological assumption is that reality is subjective and is dependent on the meanings people ascribe to their personal experiences (Nguyen, 2019). The researcher believes that reality lies in understanding human behaviour and experiences. The researcher formulated a theoretical understanding of the role SMEs in reducing unemployment and through the conducted interviews, the researcher strived to uncover different realities of SME owners and managers based on four participant viewpoints regarding the social world.

3.1.2. Epistemology

According to Plooy-Cilliers, Davis, and Bezuidenhout (2014) epistemology focuses on the nature of human knowledge and comprehension that the researcher, can acquire to extend, broaden and deepen understanding in the field of research.

The epistemological assumption of this study exhibited SME owners and manager's social experiences and perceptions of the unemployment problem within the South Africa economy.

3.1.3. Axiology

Axiology refers to the philosophical approach to making decisions of value or the right decisions (Maree, 2016). It involves defining, evaluating and understanding concepts of right and wrong behaviour relating to the research. The axiological assumption of this study attempted to improve the efficiency of activities by owners and managers within the SME sector. The values of the participants were reflected in the research findings (Creswell, 2007).

3.1.4. Methodology

According to Maree (2016) methodology is described as the nature of reality, knowledge, theory and practice on a given topic. It outlines the strategic intent and the research gap that the researcher aims to bridge. The methodology of this study was qualitative; aimed at gaining a deeper understanding of multiple subjective realities. Qualitative data collection methods such as semi-structured interviews were used to describe the role of SMEs in reducing unemployment. This research study comprised of open-ended and descriptive questions.

3.1.5. Metatheory

Metatheory refers to exploring the theoretical lenses that provide direction to the research in a particular field of study. The metatheoretical assumption of this study was The Five Stages of Business Growth and focused on individualism, where the participants being studied are owners and managers within the SME sector of the economy. The researcher utilised The Five Stage of Business Growth to explore the ability of SMEs to create employment opportunities (Plooy-Cilliers et al., 2014).

3.2. Research approach

Maree (2016) describes qualitative research as a naturalistic, interpretative approach, concerned with exploring phenomena from the interior and taking the perspectives of research participants as a starting point. Therefore, a qualitative approach was utilised in this study as this approach enabled the researcher to interpret and understand the participants' experiences and perceptions on matters revolving around the role SMEs play in creating employment in Durban.

The strength of qualitative research provided an in-depth, thorough and comprehensive information on the role of SMEs that will complement the chosen paradigm and period of this study (Creswell, 2007). According to Radu (2019) phenomenological research is a design of inquiry in which the researcher describes the essence of a phenomenon by exploring the lived experiences of individuals. The researcher utilised this approach to provide a rich and complete description of the participants' experiences and perspectives.

3.2.1. Timeframe

The time frame for this study was cross-sectional. It was observational in nature and known as descriptive research. Furthermore, cross-sectional studies were used to describe characteristics that currently exist in a particular environment. These studies provided an overall picture of the research topic at a single point in time. In addition, it is considered one of the cheapest and simple designs (Plooy-Cilliers et al., 2014).

3.2.2. Reasoning

According to Maree (2016) deductive reasoning was most suitable for this study due to the nature of the IIE research process. This qualitative research built its premises on deductive reasoning as it is a theory testing process, which commences with an established theory, and seeks to confirm if the theory applies to specific instances. It takes a general premise and deduces specific conclusions. In this research study, the Five Stages of Business Growth Model was specified.

3.2.3. Design

In qualitative research, data is non-numerical and uses non-statistical techniques. As a result, the design of this study was non-experimental as the researcher cannot control, manipulate or alter the variable or subject due to the qualitative nature of the study. Furthermore, the results of the study were reliant on the interpretation, observation and interactions of SME owners in Durban (Khaldi, 2017:21). According to Khaldi (2017:22) the design of this research study will also be interactive as the researcher directly associated with the research participants (SME owners) and therefore had an influence on the results of this study. This design allowed the researcher to study the social behaviour and perceptions of SME owners in Durban utilising qualitative content analysis.

3.3. Population

According to Maree(2016) population is defined as a collection of individuals, institutions and objects that conform to a set of specifications, which are of interest to the researcher. For the purpose of this study, the population included all SME owners and managers in Durban, South Africa.

3.3.1. Population Characteristics

These criteria specify the characteristics that potential participants in the population must possess in order to be included in the study. The eligibility criteria in this study were that the participants had to be;

- SME owners or managers that reside in Durban, KZN
- Both male and female above the age of 18 within the sector
- SME sector experience of minimum 5 years

3.3.2. Target Population

A target population refers to a well-defined collection of individuals known to have similar characteristics to which researchers are interested in generalising conclusions. The target population of this study was SME owners in South Africa. In this research study, the similar characteristics within the target population included SME owners or managers, both male and female of all races, above the age of 18 and experience in the SME sector.

3.3.3. Accessible Population

The accessible population is a subset of the target population to which the researcher has reasonable access (Maree, 2016). It is the accessible population from which the sample will be drawn. The accessible population of this research study was all SME owners and managers in Durban as the population refers to the South African economy. The researcher resides in Durban therefore; the research study took place in Durban.

3.4. Sampling

3.4.1. Unit of Analysis

Unit of analysis refers to who or what the researcher will be analysing (Maree, 2016). For the purpose of this research proposal, the unit of analysis will be the participants' responses. This study analysed the responses of owners and managers in the SME sector through semi-structured interviews, which was fundamental to the study's purpose.

3.4.2. Sample Size

According to Taherdoost (2016) the sample size will be based on the researcher's capability of drawing reliable conclusions as well as supporting the concepts within the study. The sample size of this study was four owners or managers within the SME sector in Musgrave, Durban. Crossman(2020) states that a homogeneous purposive sample is one that is selected for having shared characteristics. The shared characteristics of this research study were SME owners or managers that reside in Durban as well as SME sector experience of minimum 5 years. Therefore, the sample size of this study was referred to as a homogenous population.

3.4.3. Sample Frame

A sampling frame is a list of all the elements in the population from which the sample is drawn. The deciding factor of the sample frame is based on the people who must match the characteristics of the population (Maree, 2016). The sampling frame of this study was the SME sector.

3.4.4. Sampling Method

According to Maree (2016) the process of deriving a sample is called a sampling method. For the purpose of this study, the non-probability sampling method will be utilised. According to McLeod (2019) non-probability sampling is sampling technique where the researcher selects a sample based on a non-random criterion and therefore, not all members of the population have an equal chance of participating in the study, unlike probability sampling.

The primary aim of this technique is to reach data saturation where no new information is gained from participants. Therefore, the study had a smaller sample that represented the entire population (Taherdoost, 2016). Semi-structured interviews was utilised to gain a deeper understanding of the role SMEs play in employment creation in Durban. Additionally, the sample of this study was 4 participants and provided an in-depth insight into the role SMEs play in employment creation. Therefore, it was possible to reach data saturation.

3.4.5. Purposive Sampling

Purposive sampling is a non-probability sampling method in which the researcher consciously selects a specific sample with a purpose in mind. In purposive sampling, the researcher deliberately selects only those elements that are considered appropriate for participation in the research study in order to provide important information that cannot be obtained from other sampling methods. Therefore, the sampling type for this research study was purposive sampling. As the researcher purposively chose SME owners and managers as the primary objective and question of this study was to describe the role that SMEs play in the South African economy (Crossman, 2020).

3.5. Data Collection Method

A qualitative data collection method that was utilised in this study is semi-structured interviews, as it is a simple and easy way to collect data from the target population (Keller & Conradin, 2020). The purpose of this type of interview allowed the researcher to question participants with the goal of understanding their unique views and

experience. The researcher interviewed the participants based on a list of pre-determined questions that pertain to the outcome of the research proposal.

The researcher conducted semi-structured interviews due to the nature and paradigm of this research study. According to Radu (2019) phenomenological research is a design of inquiry in which the researcher described the essence of a phenomenon by exploring the lived experiences of individuals. The researcher used this approach to provide a rich and complete description of the participants' experiences and perspectives. Therefore, a phenomenological design was utilised in this study as this approach enabled the researcher to interpret and understand the participants' experiences and perceptions on matters revolving around the role SMEs play in creating employment in Durban.

Additionally, the researcher decided on semi-structured interviews, as it was an easy way of obtaining data from SME owners and managers in a limited time frame and at a low cost (Keller & Conradin, 2020). Semi-structured interviews allowed the researcher to collect open-ended data and to explore the research participants' thoughts, feelings and beliefs (Maree, 2016).

Furthermore, the researcher conducted face-to-face interviews in order to gather data. This allowed the researcher to utilise visual aids, detect social cues and body language. According to Plooy-Cilliers et al. (2014) semi-structured interviews provide rich reliable data by giving an in depth description of issues of interest. They offer the opportunity to gain an insight of the issues being investigated, thus enhancing the research findings. If participants did not understand the questions, the researcher was able to clarify by rewording the question.

However, the researcher was careful and did not explain too much to ensure that the responses of the participants were not influenced. The drawbacks of semi-structured interviews include reliance on participants' accuracy and their intensity in terms of time, expense and possible emotional strain (Keller & Conradin, 2020).

Interview Setting

To ensure that the interview session was effective, a location that provided the most comfort to the participant was selected. However, the setting had to be quiet with less

background noise so that distractions would be removed and the recording of data was made easier. For this reason, participants were allowed to choose the setting they were most comfortable with for interviews as long as it is a quiet environment.

Additionally, the researcher ensured that participants were comfortable and relaxed during the interviews by being patient, allowing participants to finish what they are saying and providing sufficient time to think and respond. The researcher provided simple, easy and short questions which were distinct and understandable. Furthermore, the researcher was gentle, tolerant and sensitive towards the interviewee when receiving provocative and unconventional opinions.

Research Instrument and Tool

In order to conduct successful interviews, an interview guide was created to assist the researcher. This is a written list of questions that was asked during the interview in a particular order (Keller & Conradin, 2020). For the purpose of this study, open-ended questions were used to conduct semi-structured interviews. The nature of open-ended questions followed relevant topics that deviated from the interview guide, however, it provided an opportunity to identify new ways of seeing and understanding the contributions of SME owners and managers in Durban.

A recorder was used to record the interviews between the researcher and participants. The researcher also used a coding sheet to organise, examine and analyse the data in a structured manner. Furthermore, the data and the participants' transcriptions were stored on the researcher's computer through a password-protected file (Erlingsson & Brysiewicz, 2017).

Pilot Test

With the purpose to conduct a pilot test of a semi-structured interview, efforts were made by the researcher to ensure the setting, choice of participants and interview methods were as close as those intended for the main study (Du Plooy-Cilliers, et al., 2014). The researcher pre-tested a participant through a pilot test using skype calls. The researcher ensured that the skype call did not take place at the participant's place of work.

Furthermore, the researcher provided participants with mobile data, in order to avoid financial constraints or other possible reasons that would have discouraged participants from part taking in the research study. The researcher ensured that the interview was either audio or video recorded. It was imperative for the researcher to do so in order to improve the quality and efficiency of the study (Maree, 2016). It, therefore, reflected the accuracy and reliability of the study when the research tool was assessed properly.

Selection of Interview Participants for the Pilot Test

Participants were selected through purposive sampling for the pilot test. The researcher utilised the same criteria for the selection of participants in the main study. The researcher contacted the participants via email, where the participants received an invitation to part take in the study. The target participants in this study were persons involved in the management and ownership of SMEs in Durban.

Pre-interview Stage

Before the commencement of the interview session, the researcher selected participants through purposive sampling and selected the interview structure that will be used. Thereafter, relevant interview questions were designed and formulated based on research objectives. The researcher then arranged the interview session details such as the date, time and venue of the interview with the participants (Castillo-Montoya, 2016).

Gatekeeper's permission was not necessary as the researcher had no intention to divulge the name of the SME or the identity of its participants. The researcher ensured that permission was granted from participants to partake in this study where informed consent occurred. Once ethical clearance and pretesting was complete, the researcher conducted interviews on SMEs in Durban.

During the Interview Stage

During the interview, the researcher commenced by having an informal conversation with participants (greetings, self-introduction of both the interviewer and interviewee, as well as appropriate non-verbal communication such as a firm handshake, smile, and eye contact) before asking the interview questions.

According to Keller and Conradin (2020) it is important to establish a good rapport with the participants in order to have a smooth process of responses which aid them to communicate freely and willingly which will inadvertently create a feeling of trust between the interviewer and the interviewees. Thereafter, the interviewer explained the nature of the research, the purpose and the length of the interview session. To assure the confidentiality and voluntary of the interviewees, the interviewees were asked to read the instructions provided in the study and fill in the consent to participate form as well as the audio and video recording consent forms (Maree, 2016).

The researcher followed interview protocols by using probing techniques with the aim to elicit rich information, using a recorder and note-taking. The entire interview did not take longer than 60 minutes to complete. Upon the closing stage of the interview, the researcher summarised the interview session and offered questions, suggestions or thoughts from the interviewees (Castillo-Montoya, 2016). The researcher also asked “Is there anything else that you would like to add before we close the session?” Lastly, the researcher expressed appreciation and gratitude to the interviewees for their goodwill and a token of appreciation was given to each of the four interviewees at the end of the interview session.

Post-Interview Stage

In this stage, the data from the interview was transcribed, coded and themed according to the research objectives.

3.6. Data Analysis Method

According to Maree (2016) qualitative data analysis is a process of bringing order, structure and meaning to the collected data. Qualitative content analysis was used to analyse and interpret hidden and evident themes, patterns, concepts and meanings rooted inside a specific text. This method of analysis reveals creative themes that represent a variety of meanings of a phenomenon. Therefore, a phenomenological design was utilised in this study as this approach enabled the researcher to interpret and understand the participants’ experiences and perceptions on matters revolving around the role SMEs play in creating employment in Durban.

Qualitative content analysis involves fracturing the data by breaking down the text into codes that represent meaningful categories (Sharif, 2020). Hence, the researcher utilised qualitative content analysis in order to analyse the data collected from owners and managers in the SME sector. According to Du Plooy-Cilliers, et al., (2014) this analysis was based on a systematic technique of compressing many words of text into less content, based on the rules of coding. The researcher utilised thematic coding in order to analyse the text according to themes by conceptualising the data.

Sharif (2020) states qualitative content analysis is time consuming and subjective, which means it involves some level of personal interpretation, which in turn affects the reliability and validity of the results. Therefore, the researcher cited quotations directly from the transcripts in an attempt to ensure authenticity.

The researcher will analyse the data collected according to the following 6 steps:

1. Organisation and preparation of data

According to Maguire and Delahunt (2017) documentation is an integral part of the research and evaluation process. The researcher kept a clear and detailed record of the data collected in the form of notes and transcripts. The researcher obtained a general sense of the data gathered by reading and rereading through all the data. The researcher then organised and transcribed the raw data collected into written text. Further entries were made in the researcher's journal with reflective notes and new understandings pertaining to the data. The researcher also used coloured pens to code different ideas and themes.

The researcher transcribed all the recordings to understand the data, as well as listened to the recordings, multiple times, while making notes and impressions of the researcher's own thoughts (Maree, 2016). In addition, non-verbal cues from the interview were included in the transcripts which contributed to a better understanding of the emotion behind the responses of the participants.

2. Initial data analysis process using coding procedure

The research then organised the data in a meaningful and systematic way. The researcher prepared the data coding system so that the data could be easily found in the data set.

Codes are names or labels assigned to specific units of related meaning identified within the notes and transcripts. Coding involves identifying the most basic units of meaning in data.

The researcher utilised thematic coding as a deductive application by using a list of themes anticipated to be found in the data, derived from the researcher's literature review (Maguire & Delahunt, 2017). The coding process for the field notes and transcripts consisted of two steps namely: open coding, axial coding. Maree (2016) states that open coding involve the identification and naming of segments of meaning from the field notes and transcripts. The researcher read through the entire text multiple times in order to gain an overall understanding and impression of the text. The researcher read every transcript, line by line, and took note of the categories or themes that emerged.

The researcher then used axial coding where connections between the open codes are examined, and used to create larger codes or eventually themes. According to Plooy-Cilliers et al. (2014) axial coding identifies categories and patterns which were then organised in terms of causality, context and coherence.

3. Identifying themes and sub-themes

The researcher then identified key themes and sub-themes, for example, lack of finance or lower skilled labour.

4. Review potential themes

In this step, the researcher modified and developed the preliminary themes identified. The researcher then used qualitative data analysis software such as word documents to gather the data that is relevant to each theme. The researcher then reviewed whether the themes work in the context of the entire data set. The researcher ensured that the themes are coherent and distinct from each other (Maguire & Delahunt, 2017).

5. Defining themes

The researcher identified quotes that were congruent, vivid, and captured the essence of the themes. A variety of extracts from the data collected were utilised to illustrate the scope of the themes.

6. Producing the report

Once the themes were finalised, the researcher started the write-up of the report. The researcher then identified the main research findings and summarised the results of the analysis. According to Maree (2016) through a reflexive iterative process involving the identification of cross cutting themes, the identification of similarities and differences, and reference to the Five Stages of Business Growth Model, understanding were gained of the contextual role SMEs play in Durban, Kwa-Zulu Natal.

3.7. Trustworthiness of the study

Maree(2016) states that trustworthiness is the degree of confidence in data, interpretation, and methods used to ensure the quality of a study. In qualitative research, the concepts credibility, transferability, dependability and conformability was used to describe the aspect of trustworthiness.

Credibility is defined as the degree of confidence that the findings are an accurate reflection of the research participants' experience. The credibility of this study was enhanced as the researcher devoted longer periods of time with participants in an attempt to gain insight into their experiences and perceptions (Plooy-Cilliers et al., 2014). The researcher ensured the credibility of this study by spending adequate time with the participants where the semi-structured interviews were approximately 60 minutes.

Furthermore, each audio-recording was transcribed and quotations were cited directly from the transcripts which ensured authenticity. Therefore, the researcher established an in-depth understanding of the experiences of SME owners in Durban.

Maree(2016) states that *transferability* is the degree to which the research findings can be applied to other contexts and settings. It does not involve generalised claims, but invites the reader to make connections between elements of a study and their own research or experience. The researcher provided background information to establish the context of the study and detailed descriptions of the phenomenon under study to allow comparisons to be made.

According to Plooy-Cilliers et al., (2014) *dependability* is the extent to which the researcher can replicate the research findings with similar participants in a similar research context. The researcher also ensured that the data collected from participants was linked to the theory that correlates with SMEs. This strengthened the process of integration in terms of accurate, non-bias and quality findings. Therefore, the researcher then ensured that the results are credible as the researcher was dependent on the results.

Confirmability is the degree of neutrality in the research findings. It refers to the extent to which the research findings can be confirmed, verified or corroborated by others. Confirmability is achieved when the findings are based on the participants of the study and the data speaks for itself, and is not based on any potential bias or personal assumptions of the researcher (Maree, 2016). The researcher utilised quotes that supported the argument and provided a detailed methodological description to allow the integrity of the research results to be scrutinised.

4. Presentation and Interpretation of Findings

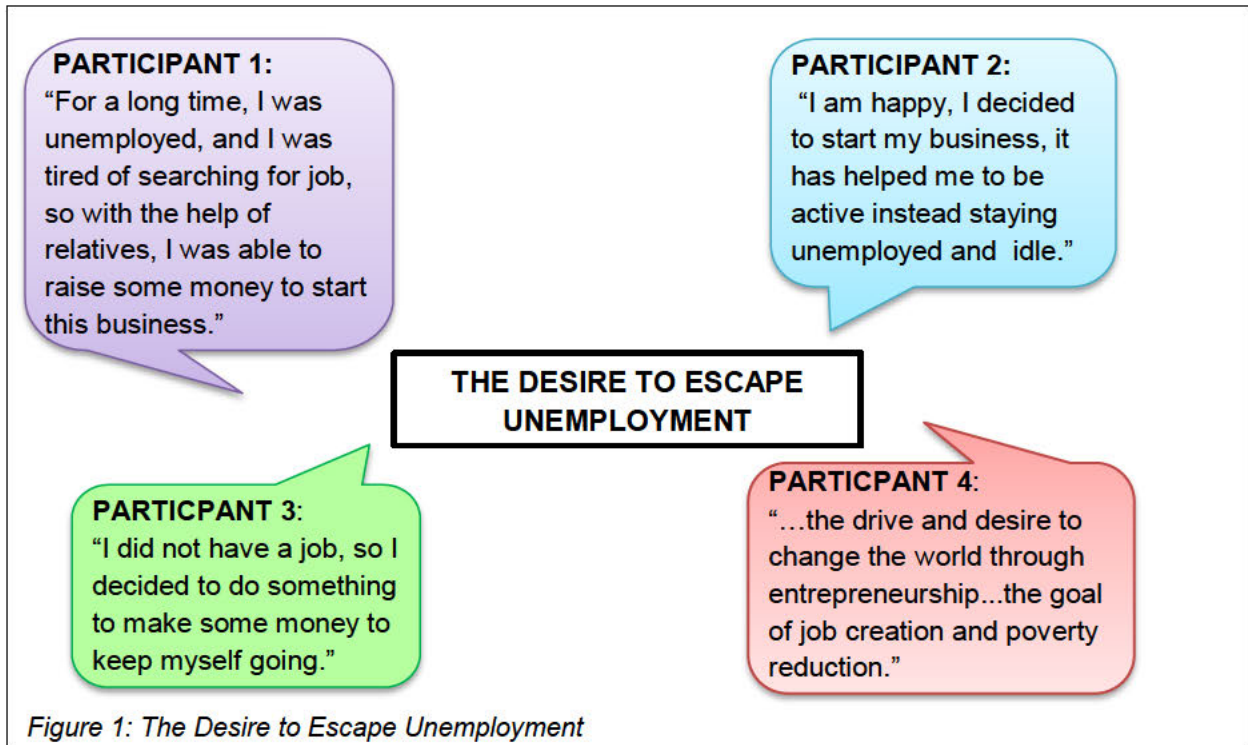
In this analysis, the researcher conducted a content thematic analysis that contained the presentation and discussion of the responses collected, through semi-structured interviews. Furthermore, this was based on ownership and management perceptions and attitudes towards the role that they play in the Small Medium Enterprises (SME) sector in Durban. The researcher identified themes that had relevance to the Five Stages of Business Growth Model.

Results were further discussed with reference to primary research questions and the main research question of 'What role do SMEs play in reducing unemployment in Durban, Kwa-Zulu Natal?'

4.1. The Desire to Escape Unemployment

The primary aim of this research study was to gain an in-depth understanding of the role SMEs play in reducing unemployment. In particular, this theme further identified and interpreted the research objectives of describing SMEs ability to escape unemployment.

Part of the literature review theme and objective of this study is to examine the role of SMEs in reducing unemployment. It also was associated with the Five Stages of Business Growth Model, which determined the stages of SME growth which was utilised to address the ability of SMEs to create employment opportunities.



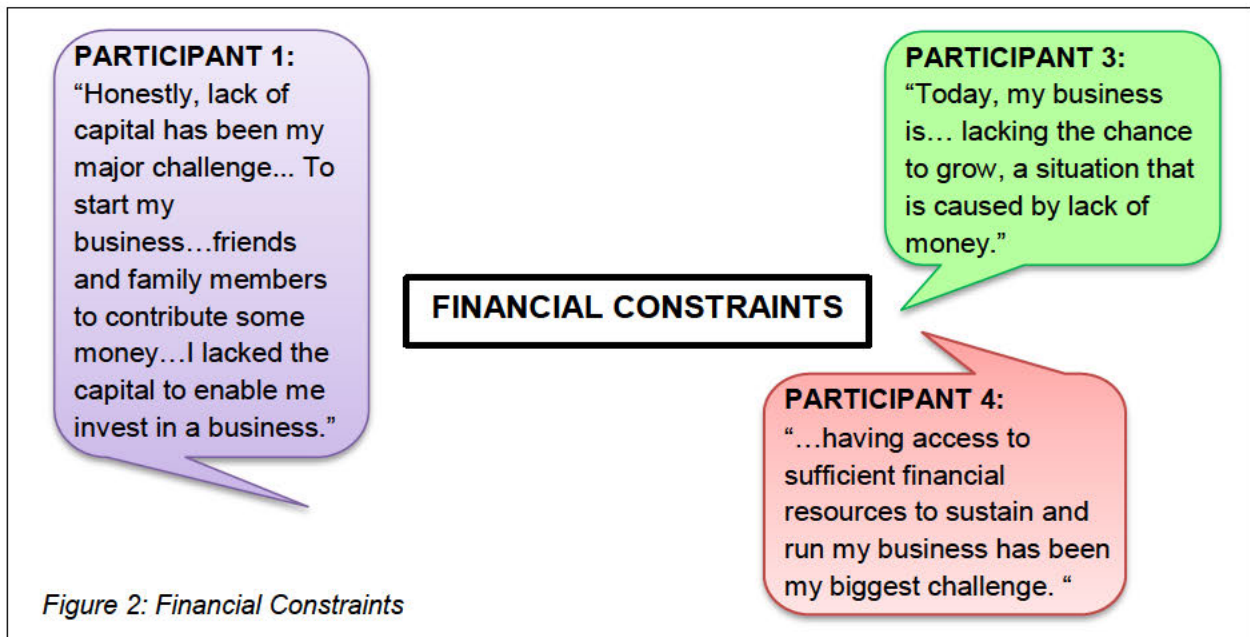
Participant 1, 2 and 3’s response postulated that due to the lack of employment opportunities they had no other way to survive than to venture into entrepreneurial activity. This finding is supported by Bokhari(2013) that found that self-employment and SMEs provide a way forward for solving several socio-economic challenges. However, the business objective of Participant 4 was driven by personal development and the desire to uplift the community.

4.2. Challenges faced by SMEs

SME Challenges is a theme that corresponds with the Five Stages of Business Growth Model and answers the research question regarding the challenges faced by SMEs that limit growth and employment. Participant responses, therefore, indicated that financial constraints and managerial competencies and skills were the significant factors that constrained their ability to develop and grow within the SME sector.

4.2.1. Financial Constraints

Accessibility to finance is a key factor affecting the growth and success of SMEs, which can be attributed to many factors. Access to finance in South Africa has been cited as a significant constraint that hinders the survival and growth of start-up SMEs. Thus, adequate access to financing is critical to enable SMEs to contribute to the economic development of the nation.

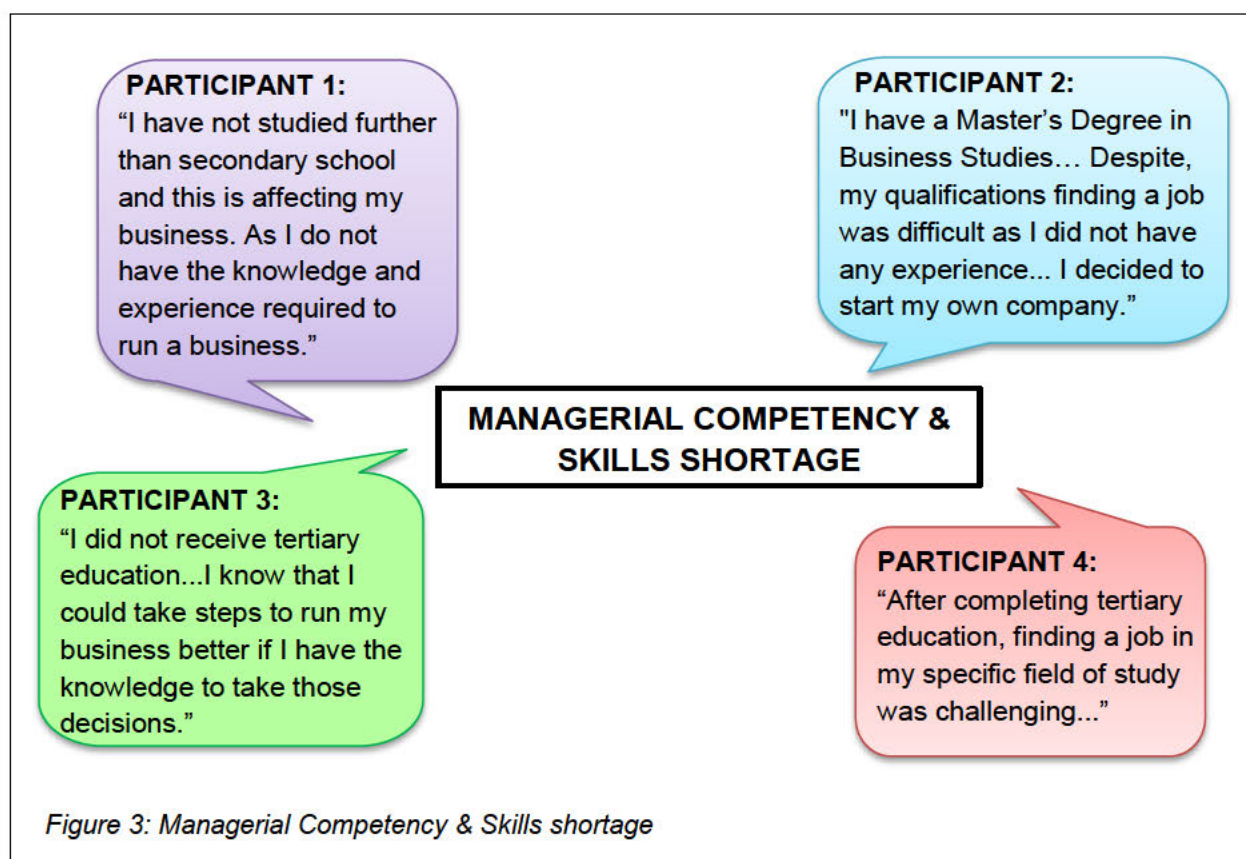


The majority of the participants cited financial constraints as the main challenge they face. This is supported by the survival stage of the Five Stages of Business Growth Model. Participant 1 postulated that access to financial resources was a major challenge during start-up. Furthermore, Participant 1 indicated that there was no readily available access to financial assistance for SMEs. Participant 3's views correlated with Participant 1's response as SMEs are normally faced with difficulties when trying to secure funds for operation and expansion.

Additionally, this response corresponded with Participant 4's view, however, focused more on the struggle to survive due to lack of funds. This finding is consistent with the findings of Marufu(2014), who argued that the lack of finance is the biggest constraint for SMEs in Durban, preventing them from taking advantage of opportunities.

4.2.2. Managerial competency and skills shortage

Managerial competencies have a positive influence on the performance of SMEs. The study reveals that the majority of participants view managerial competency and skills shortage as a factor that affects the performance of the business.



This research sought to establish the educational level of participants in order to determine whether education, experience and knowledge play a role in the way SMEs operate their businesses. Participant 2 and 4 are highly educated with tertiary qualifications while Participant 1 and 3 just ended at secondary education. However, the researcher is of the opinion that most of the participants' educational background was sufficient for the type of business that they owned as their businesses were either successful or just surviving. This finding is supported by Leboea(2017). It was found that managerial competencies positively impact the performance of SMEs and further pointed out by Marufu(2014), SME failure is a result of lack of managerial skills.

4.3. SME Contribution

This theme is associated with the Five Stages of Business Growth Model, which corresponds with the stages of business growth to further achieve economic growth in South Africa through the creation of jobs. According to Erdin and Ozkaya (2020) SMEs contribute to national income, employment, productivity and entrepreneurial activity. Therefore, SMEs are seen as key elements in achieving growth and employment targets.

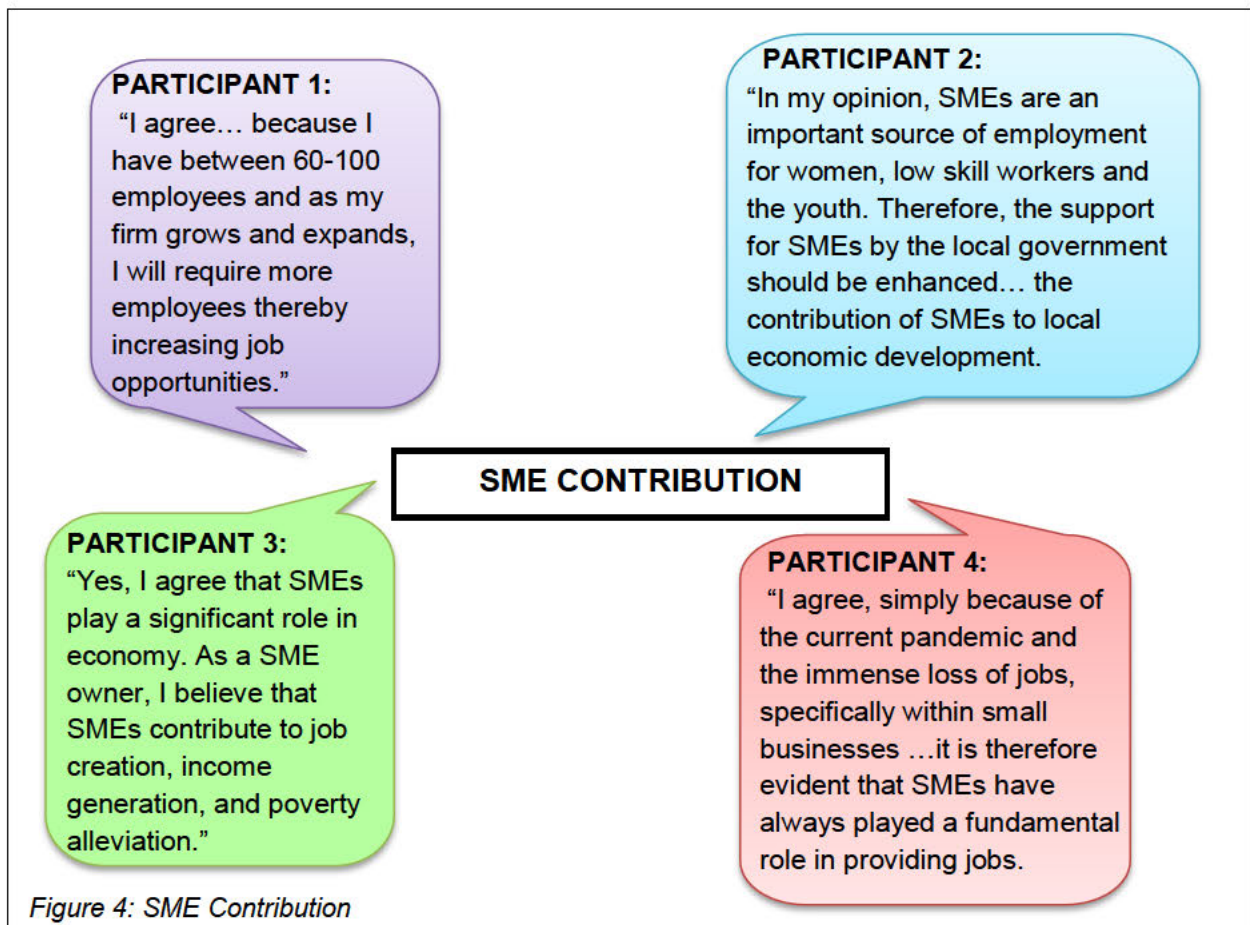


Figure 4: SME Contribution

Participant 1 provided indicated how many employees are supported through the proceeds of the business. Furthermore, Participant 1 suggested that the SME sector has a potential to create more jobs if businesses are successful.

Participant 2's response suggested that SMEs contribute to fighting socio-economic challenges by reducing the unemployment, alleviating poverty and the overall local economy. Participant 3's viewpoints, indicated that the role of SMEs is to create job opportunities to the otherwise unemployed and contribute to the social welfare of the economy.

Additionally, Participant 4 suggested that due to COVID-19 and the increase in unemployment, it is evident that small businesses help stimulate the economic growth by providing employment to individuals who may not be employable by large businesses. This finding is consistent with the findings of Ogoi(2017), who argued that SMEs play a significant role in the economy by contributing to job creation, income generation, and poverty alleviation.

5. Conclusion

In this section, the research questions and objectives that were developed at the early stage of this research study was answered and achieved. Furthermore, the research problem was addressed and the implications of the findings were described.

5.1. Research Question and Sub-Questions Answered

The primary research question of this study was: What role do SMEs play in reducing unemployment in Durban, KZN? This question was answered where findings from participants revealed the critical role SMEs play in stimulating economic growth and in creating the much needed employment in South Africa. Furthermore, interview responses indicated that the economy needs the SME sector to develop and grow, which revealed that part of the solution to South Africa's high unemployment problem can be the promotion of SMEs to create jobs.

The second research question was: How do SMEs contribute to the growth of the South African economy? From interviewing 4 participants, the findings acknowledged that SMEs are an essential factor in promoting economic growth through employment creation. This further highlighted that the performance and advancement of SMEs means more opportunities to alleviate poverty, create jobs and reduce crime rates.

The third research question was: What are the challenges faced by SMEs that limit growth and employment? Through the interview process, participants' responses revealed the challenges that restrict SME growth and employment creation. The data collected from participants revealed that SME development is severely constrained by the lack of adequate financial resources and managerial skills and competencies were significant findings.

Furthermore, findings also revealed that for the survival and success of business, it is vital that the entrepreneur be educated and knowledgeable about all functional areas of business.

The fourth research question was: How does SME development contribute to employment creation? Through the interview process, participant responses revealed that the development of SMEs provide employment opportunities regardless of the scale of their operations. As a result, SMEs play an integral role in the creation of jobs. Furthermore, findings acknowledged that the development of SMEs help to fuel local economies.

5.2. Research Problem Addressed

The research problem of this study was based on the limited information regarding the role SMEs play in reducing unemployment in Durban, KZN. This problem needed to be solved by the findings to improve the knowledge of Durban based SMEs, and to acknowledge their ability to provide employment. With the interpreted findings, the researcher believes that the study contributed to understanding of the role SMEs play in reducing unemployment.

Prospective readers, SME owners and managers can utilise these findings to gain a better understanding of the contribution and challenges of SMEs to improve the development and growth of SMEs. The research, therefore, added to the existing body of knowledge with regards to the significant role and challenges faced by SMEs in Durban. The research also confirmed The Five Stages of Business Growth in relation distinguishing challenges and requirements of growing SMEs.

5.3. Implications of findings for future practices

The findings of this study have significant implications for SMEs in Durban, impacting their performance. The internal factors studied within this research were found to have an association with the performance of SMEs. The implication of this finding is that financial constraints and managerial skills and competencies affect the survival and existence of SMEs in Durban, Kwa Zulu-Natal.

SMEs therefore have to empower themselves to deal with the factors that impact their performance and ultimately their survival.

Furthermore, the research revealed that the abovementioned challenges correlated with the Five Stages of Business Growth Model, through the existence, survival and take-off stage within the SME sector in Durban. Moreover, the reviewed literature and the analysis indicated that SMEs within the South African economy play a significant role in income generation, job creation and economic growth. The findings contributed to identifying challenges such as the lack of access to finance, high operating costs and inadequate managerial skills and competencies that need to be addressed in order to create an environment that will be more conducive for the development of successful SMEs.

5.4. Ethical implications

According to The Independent Institution of Education (2020) the ethical considerations in this study was professionally adhered to in line with the ethical standards of IIE's Research and Postgraduate Policy. This was done as a precaution not to endanger the mental, emotional or physical health of participants as the nature of the study may have induced sensitivity or worry as participants may have come to terms with new understandings about themselves.

5.4.1. Participant

Research participants were informed that taking part in the study was voluntary. An informed consent document was provided to participants to read and sign to cement their voluntary agreement to be interviewed (Maree, 2016). The researcher ensured that participants were aware of not having to partake in the study.

The researcher informed the research participants that the interview will be kept strictly confidential and would only be available to the researcher and the supervisor. Furthermore, the researcher ensured that there is complete anonymity and that the participants' names were not exposed. In avoiding deception, participants were informed that the study was only for academic purposes and that they would be allowed to access the results of the study once completed (Du Plooy-Cilliers, et al., 2014).

With reference to the data collection method, the researcher ensured that the participants were comfortable in order to achieve the best possible results. Furthermore, the participants were given the option of face-to-face interviews or online interviews as well as the option to change the time and location to when they preferred. The researcher pilot tested the semi-structured interview questions in an attempt to ensure that none of the questions are unreasonable or overly sensitive (Maree, 2016).

5.4.2. Researcher

The researcher took the necessary precautions to avoid distorting the integrity of the results. Moreover, the researcher ensured that the study was conducted in an ethical and moral standard by representing findings directly quoted from the transcriptions. The researcher minimised the risk of bias by avoiding fabrication, falsification and misuse of information. The avoidance of these biases was confirmed through the researcher's own moral standards. In addition, the researcher avoided using inappropriate research methods by utilising audio and video recordings to obtain information from the semi-structured interviews, which was stored in a password protected file on the researcher's laptop (Du Plooy-Cilliers, et al., 2014).

5.5. Limitations of the study

This research study had limited access to Durban, Kwa-Zulu Natal. This potentially affected the scope and accuracy of the research undertaken; the researcher intended to overcome this by attaining an in-depth understanding of the participants' experiences in Durban for future researchers and policy makers to compare this with other geographical locations (Plooy-Cilliers et al., 2014).

The study was constrained by the small sample size of four SME owners and managers in Durban (Creswell, 2007). However, the researcher overcame this limitation by spending as much time with the participants in order to gain an in-depth understanding of the significance and challenges SMEs face in Durban. Furthermore, despite the limited access to participants, the researcher utilised open-ended questions to gain a detailed response on the participant's views during the interview process.

According to Maree (2016) a further limitation of this research study was the integrity of the participants; the researcher overcame this challenge by concluding responses based on participants experience and work insights. Another limitation of this study was the limited funds due to additional costs of getting to the participants to conduct the research interviews. Plooy-Cilliers et al., (2014) states that the timing of this study is limited to a cross-sectional study over a period of 1 year; however, the researcher made sufficient use of the time during the year to conduct interviews. The time allocated to study the research problem was constrained by the deadline of the researcher's assignment.

Lastly, due to the outbreak of COVID-19, the data collection process was affected as the researcher had to adhere to the pandemic regulations to ensure the safety of participants in order to conduct face-to-face interviews. However, the researcher provided the option of online interviews for participants who were hesitant to meet.

5.6. Heuristic Value

This study has contributed to a greater understanding of the role SMEs play in reducing unemployment in Durban. This is further supported by the Five Stages of Business Growth, through the chosen theory. The ultimate goal of this study was to raise awareness of the ability of SMEs to create employment and to promote the South African economy. No similar study has been done in Durban; KZN thus this study has contributed to the understanding of the problem within a South African context. In a study done by Akinbola (2019) the research was quantitative in nature whereas this study provided a qualitative background for a better understanding of the role SMEs play in Durban.

Based on the abovementioned findings developed by the current study and the opportunity used by the study to collect and produce the findings, the researcher has the following recommendations for future research. The researcher believes that should similar prospective research studies continue, the scope of the research should be broadened at a national level or between multiple provinces in South Africa. This will allow the researcher to gain a greater depth of knowledge regarding different perspectives across multiple locations.

Furthermore, by expanding the scope of the study, the researcher can also adopt a pragmatic style of research that integrates both qualitative and quantitative approaches. Additionally, the sample size of the study can be increased.

It can be noted that from the abovementioned suggestions, it creates more opportunities to not only describe, understand, and interpret data but to comprehensively represent findings that can be predicted as well. In addition, the study can be of use to future researchers, tertiary institutions, and SME owners and managers across multiple locations.

It is recommended that further research be conducted using a longitudinal time-frame as it will measure different time-frames providing more reliable results. A further research study could be undertaken, focusing more towards the development of SMEs. This could test the Five Stages of Business Model in a more direct way as compared to this study which focused on the role SMEs play in reducing unemployment in Durban, KZN.

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7. APPENDICES

7.1. APPENDIX A: HONOURS ETHICS CHECKLIST

Student name: Neha Mungal

Title of the research: A qualitative cross-sectional study describing the role of Small Medium Enterprises in Durban, Kwa-Zulu Natal

	Yes	No	Comment: supervisor
I am not using human subjects: i.e. I use visual artefacts or visual observation etc.		×	
I intend to use human subjects - I understand that I will not conduct research with human subjects under the age of 18 and other vulnerable groups. - I understand I can only proceed once I receive an ethical clearance letter, and my supervisor has approved my interview or focus group questions, questionnaire or coding categories etc.			
Interviews/Focus groups An example of the written consent form I intend to use is attached.	×		
I will record the interview/focus groups and the sample of the letter where I ask for permission to do so is attached.	×		
I plan to use an interview or focus group schedule: The example of my research instrument is attached.	×		
I plan to use a questionnaire: The example of my research instrument is attached.		×	
I plan to use a gate-keepers letter: The example of my letter is attached.		×	
I plan to do research on an IIE site/with IIE students/staff/artefacts and I filled in the application for permission to do so. The application is attached. I understand I can only proceed once I receive IIE Approval for this.		×	

Signed: NMungal



7.2. APPENDIX B: EXPLANATORY INFORMATION SHEET

To participant 1:

My name is Neha Mungal and I am a student at Varsity College Westville. I am currently conducting research under the supervision of John Foster about understanding the role of small medium enterprises in reducing unemployment in Durban, Kwa-Zulu Natal. I hope that this research will enhance our understanding of providing a platform for creating awareness of the challenges, opportunities, and perceptions that SMEs face in Durban. This study will not only provide SMEs in gaining meaningful insight into their development and growth but will also provide individuals interested in starting their own business with necessary knowledge and skills required to enter the SME sector.

I would like to invite you to participate in my study. In order to explain to you what your participation in my study will involve, I have formulated questions that I will try to fully answer so that you can make an informed decision about whether or not to participate. If you have any additional questions that you feel are not addressed or explained in this information sheet, please do not hesitate to ask me for more information. Once you have read and understood all the information contained in this sheet and are willing to participate, please complete and sign the consent form below.

What will I be doing if I participate in your study?

I would like to invite you to participate in this research because you are an ideal participant that is currently working as an owner in the SME sector. As the researcher, I believe that based on your experience, knowledge, and exposure that you will add value to this study. If you decide to participate in this research, I would like to conduct one interview with you. The interview will take approximately one hour of your time. It will be scheduled at a time that it is convenient for both of us, and will take place at a location that is convenient for you. I will be asking you questions about your

experiences and perceptions of the role and challenges you face as an owner in the SME sector.

Are there any risks/ or discomforts involved in participating in this study?

Whether or not you decide to participate in this research, there will be no negative impact on you. There are no direct risks or benefits to you if you participate in this study. You might, however, indirectly find that it is helpful to talk about your experiences, understandings, and challenges that you face in the SME sector. If you find at any stage that you are not comfortable with the line of questioning, you may withdraw or refrain from participating.

Do I have to participate in the study?

- Your inclusion in this study is completely voluntary;
- If you do not wish to participate in this study, you have every right not to do so;
- Even if you agree to participate in this study, you may withdraw at any time without having to provide an explanation for your decision.

Will my identity be protected?

I promise to protect your identity. I will not use your name in any research summaries to come out of this research and I will also make sure that any other details are disguised so that nobody will be able to identify you. I would like to ask your permission to record the interviews, but only my supervisor, I and possibly a professional transcriber (who will sign a confidentiality agreement) will have access to these recordings. Nobody else, including anybody at Varsity College Westville, will have access to your interview information. I would like to use quotes when I discuss the findings of the research, but I will not use any recognisable information in these quotes that can be linked to you.

What will happen to the information that participants provide?

Once I have finished all interviews, I will write summaries to be included in my research report, which is a requirement to complete my IIE Honours Qualification. You may ask me to send you a summary of the research if you are interested in the final outcome of the study.

What happens if I have more questions about the study?

Please feel free to contact me or my supervisor should you have any questions or concerns about this research, or if there is anything you need to know before you decide

whether or not to participate.

You should not agree to participate unless you are completely comfortable with the procedures followed.

My contact details are as follows:

Neha Mungal

[REDACTED]

[REDACTED]

The contact details of my supervisor are as follows:

John Foster

[REDACTED]

[REDACTED]

7.3. APPENDIX C: CONSENT FORM

Consent form for participants	
I, _____, agree to participate in the research conducted by Neha Mungal about identifying, describing and understanding the role of small medium enterprises in reducing unemployment in Durban This research has been explained to me and I understand what participation in this research will involve. I understand that: • I agree to be interviewed for this research. • My confidentiality will be ensured. My name and personal details will be kept private. • My participation in this research is voluntary and I have the right to withdraw from the research at any time. There will be no repercussions should I choose to withdraw from the research. • I may choose not to answer any of the questions that are asked during the research interview. • I may be quoted directly when the research is published, but my identity will be protected. •	
Signature	Date

7.4. APPENDIX D: CONSENT FORM FOR AUDIO OR VIDEO RECORDING

Consent form for participants					
I, _____, agree to allow Neha Mungal to audio record my interviews as part of the research about describing and understanding the role of small medium enterprises in reducing unemployment in Durban, Kwa-Zulu Natal. This research has been explained to me and I understand what participation in this research will involve. I understand that: • My confidentiality will be ensured. My name and personal details will be kept private. • The recordings will be stored in a password-protected file on the researcher's computer. • Only the researcher, the researcher's supervisor and possibly a transcriber (who will sign a confidentiality agreement) will have access to these recordings.					
<table border="1" style="width: 100%;"> <tr> <td style="width: 75%; height: 50px;"></td> <td style="width: 25%; height: 50px;"></td> </tr> <tr> <td>Signature</td> <td>Date</td> </tr> </table>				Signature	Date
Signature	Date				

7.5. APPENDIX E: INTERVIEW SCHEDULE QUESTIONS [SAMPLE]

1. How long have you been working in the SME sector?
2. What is your role as an SME owner?
3. How did you get the background and skills necessary to run this type of business?
4. What are the challenges you have come across within your line of business?
Why do you think these challenges occur?
5. Why did you choose this type of business?
6. How did you access sources of start-up funds and resources for your business?
7. Why do you think it is a problem for SMEs to access finance?
8. What factor do you find is hampering the growth of SMEs in Durban? Why do you think this factor is hampering growth?
9. Why do you think SMEs in Durban face problems in attracting skilled labour?
10. What are your views towards South African labour market?
11. Why, in your opinion, is South Africa's unemployment rate so high?
12. What do you think needs to be done to support individuals without jobs in South Africa?
13. In your opinion, do SMEs play a fundamental role in the economy through the creation of jobs? Do you agree or disagree? Why?
14. Do you think government's support SMEs enough? Yes/No? Why do you think so?
15. In your opinion, how should the government and other agencies improve their support towards SMEs?
16. If you had one piece of advice to someone just starting out, what would it be?

7.6. APPENDIX F: EXAMPLE OF INVITATION TO PARTICIPATE IN STUDY

Goodday

Trust you are well.

My name is Neha Mungal and I am currently doing my Honours Degree in Management at Varsity College Westville.

I am conducting a research study on the role of SME in creating employment in Durban, KZN. As part of the research process and ethical considerations, I would like to interview you to gain an in-depth understanding of the experiences and challenges that you face.

Also, your informed consent about the permission of this study is vital. Your identity will be protected in this study where all participants will remain anonymous.

The interview process will take place in the second semester of the year, most likely around August onwards.

Your participation in this study will be greatly appreciated.

Kind regards

Neha Mungal

7.7. APPENDIX G: ETHICAL CLEARANCE LETTER



4 September 2020

Student name: Neha Mungal

Student number: 17045719

Campus: Varsity College, Westville

Re: Approval of Bachelor of Commerce Honours in Management Proposal and Ethics Clearance

HONOURS ETHICAL CLEARANCE LETTER

Your research proposal and the ethical implications of your proposed research topic were reviewed by your supervisor and the campus research panel, a subcommittee of The Independent Institute of Education's Research and Postgraduate Studies Committee.

Your research proposal posed no significant ethical concerns and your supporting documents and instruments are in order to proceed. We hereby provide you with permission to proceed with your research.

In the event of you deciding to change your research methodology in any way, kindly consult your supervisor to ensure all ethical considerations are adhered to and pose no risk to any participant or party involved. A revised ethical clearance letter will be issued.

GENERAL CONDITIONS TO BE FULFILLED IN RELATION TO RESEARCH

Permission is granted to proceed with the above study subject to the conditions listed below being met and may be withdrawn should any of these conditions be flouted.

Please note: The panel has not considered the merits, accuracy or ethical soundness of the research. The only merits examined are the use of The IIE as a sample.

Permission is granted subject to the following conditions:

1. The researcher(s) will need to obtain informed consent in writing from all of the participants in his/ her sample if the study is not anonymous.
2. The researcher(s) may only use the data collected for research purposes and in no other way.
3. Photographs of human subjects may only be taken if relevant to the research, informed consent was obtained, and even with informed consent, the photographs may not be published on any online platforms.
4. The researcher is responsible for supplying and utilising his/her own research resources, such as stationery, photocopies, transport, faxes and telephones and should not depend on the goodwill of the institutions and/or the offices visited for supplying such resources.

5. No names or identifying information of participants may be used within the research and the research must be voluntary.
6. Please make it clear that the information will not be used punitively in any way and participants may in no way be counselled/advised based on this.

Supervisor:

Mr John Foster



Campus Postgraduate Coordinator (CPC):

Mr Siva Moodley



7.8. APPENDIX H: SUMMARY CONCEPT DOCUMENT TABLE

Research Purpose/ Objective	Primary Research Question	Research Rationale	Seminal Sources or Authors	Literature Review	Paradigm	Approach	Data Collection Method(s)	Ethics	Key Findings	Recommendations
To evaluate SMEs role in reducing unemployment in Durban, Kwa-Zulu Natal	What is the role of SMEs In reducing unemployment In Durban? How does SME development contribute to employment? What challenges do SMEs face that limit growth?	Unemployment threatens social instability & the country's long term growth Prospect. Additional research is required as there is a limited body of Knowledge.	Neil C. Churchill & Virginia L Lewis John W. Creswell O'Farrell, P. N., & Hitchens, D. M.	Theme 1: The role of SMEs in the South African economy Theme 2: SMEs contribution to unemployment Theme 3 : Advantages & Disadvantages of SME development Theme 4:	Interpretivism Qualitative research is usually supported by interpretivists. Epistemology: The researcher will obtain new understanding & worldviews by interviewing the individuals	A Qualitative Approach Population Population: SA population Parameters: - SME owners - SME managers - Minimum 5 yrs experience	Semi-structured Interviews Open-ended questions Interview guide: A written list of questions that will be asked during the interview in a particular order.	Researcher: Avoid the misuse, Falsification of data Inappropriate methods Participants: Informed consent Confidentiality Voluntary Participation Low Risk	The desire to escape unemployment Challenges face by SMES Lack of access to Capital Lack of competence & skills SME Contribution	Adopting a different approach to research such as a pragmatic approach The sample size of the study can be Increased Future research studies should broaden the scope of study to a national or between multiple provinces in South Africa.
Research Problem	Secondary Questions/ Objectives	Key Concepts	Key Theory	Factors that affect SMEs growth & start-ups	Ontology: Reality is not governed by law-like generalizations Reality is a social construction Complex, rich Axiology: Philosophical approach to making decisions of value or the right decisions	Sampling Unit of Analysis: Participants' responses Non-Probability Sampling: Participants are not chosen at random Purposive Sampling: Participants are selected with a specific purpose in mind Size: four	Data Analysis Method(s) Qualitative Content Analysis Analysing and interpreting the hidden and evident themes, patterns, concepts and meanings Rooted inside the Specific text.	Limitations Accessibility Timing of Study Research Methods Sample Size Honesty of Participants	Key Contributions Insight into the current socio-economic problem in Durban South Africa. Greater understanding on the role SMEs play In reducing unemployment in Durban, Kwa-Zulu Natal	These suggestions create opportunities to describe, understand, & interpret data as well as comprehensively represent findings that can be predicted. Hence, it can be useful to future researchers, tertiary institutions & SME Managers across multiple locations.
SA continues to struggle with a structurally high unemployment rate since its Independence In 1994.	To describe the role of SMEs In reducing Unemployment In Durban To outline The challenges Faced by SMEs To evaluate SMEs contribution to growth in SA To identify how SME development contributes to employment creation	Unemployment Economic Growth Small Medium Enterprises Economic Development Job Creation	The Five Stages of Business Growth Model							