

**FACTORS THAT AFFECT THE FINANCIAL SELF-RELIANCE OF INFORMAL
SMALL MEDIUM AND MICRO ENTERPRISES IN MANKWENG AREA, LIMPOPO
PROVINCE, SOUTH AFRICA**

by

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DECLARATION

I declare that the mini-dissertation hereby submitted to the University of Limpopo, for the degree of Master of Business Administration has not previously been submitted for a degree at this or any other University, that my work is in design and in execution, and that all material contained herein has been duly acknowledged.

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ABSTRACT

Given the critical role that SMMEs play in South Africa's economy, understanding the motivating factors of starting a business venture, factors that facilitate and constrain their financial self-reliance is vital for sustaining and minimizing dependence on external government and private sector support in these enterprises. This study is grounded in the Resource-Based Entrepreneurship Theory (RBET), which suggests that entrepreneurs can generate sustainable value by strategically leveraging both internal and external resources. These resources may include individual skills, family support, and social networks, all of which contribute to entrepreneurial success. This mini-dissertation investigated factors that affect the financial self-reliance of informal small, medium and micro enterprises (SMMEs) in Mankweng area, Limpopo Province, South Africa. The purpose of the study was to determine factors that facilitate the financial self-reliance of the selected informal SMMEs in the area, examined the factors that constrain their financial self-reliance and assess their economic contribution to the local economy.

This research adopted an interpretivist research philosophy, utilising a cross-sectional qualitative research design, with data collected through semi-structured interviews from SMMEs within the Mankweng area.

Key findings revealed that most SMME owners are driven by economic necessity and local demand. They sustain their businesses by leveraging skills, community support, and low operating costs, resulting in strong customer loyalty. However, challenges such as lack of formal registration, limited access to credit, and poor awareness of government support hinder their growth and ability to scale. Despite these barriers, informal SMMEs make significant economic and social contributions especially to the economies within which they operate. While many informal SMMEs in the Mankweng area demonstrate elements of financial self-reliance through local support and resourcefulness, they remain constrained by systemic challenges that limit their full financial independence.

This research recommends simplifying registration, improving access to support services, and tailoring government policies to better support rural and peri-urban micro-enterprises, thereby enhancing their sustainability and impact on local development.

LIST OF ACRONYMS/ ABBREVIATIONS

SMME – Small Medium, and Micro Enterprises

DSBD – Department of Small Business Development

LED – Local Economic Development

DTI – Department of Trade and Industry

NDP – National Development Plan

GDP – Gross Domestic Product

GEAR– Growth, Employment, and Redistribution

RDP – Reconstruction and Development Programme

RBET – Resource-based Entrepreneurship Theory

SDGs – Sustainable Development Goals

SEDA – Small Enterprise Development Agency

SE DFA– Small Enterprise Development Finance Agency

SEFA – Small Enterprise Finance Agency

TREC– Turfloop Research Ethics Committee

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CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1. INTRODUCTION

This chapter sets the stage for the study by presenting the research problem along with its contextual background. It articulates the problem statement and the justification for conducting the research. Furthermore, it outlines the study's objectives, main research questions, and provides definitions of key terms used throughout the research. The chapter also highlights the importance of the study and ends with a summary of the overall research framework.

1.2. BACKGROUND INFORMATION

Poverty, inequality, and unemployment are global phenomena that affect many developing countries (Mlotshwa & Msimango-Galawe, 2020). In most sub-Saharan countries, the population continues to grow quicker than employment growth, leading to dire living conditions of extreme poverty. This continuous trend has led to a paradigm shift in policy that encourages the emergence of productive entrepreneurship and Small, Medium and Micro Enterprises (SMMEs) to support government in dealing with the said challenges. Mujeyi and Sadomba, (2019) and Nyoni and Bonga, (2018) found that governments and policymakers globally support SMME business ventures by means of financial and non-financial programmes.

In the post-apartheid dispensation of 1994 in South Africa, the emergence of Small Business Development has been topping the agenda and encouraged through the establishment of several legislation and policy (Yusuf, 2022). In 2012, South Africa drafted a policy document called the National Development Plan (NDP) outlining a series of proposals aimed at eliminating poverty, reducing inequality, and reducing unemployment to 6 percent by 2030 (NDP). Although the implementation of the NDP is in full gear, with only five years to achieve the desired goals, the gap between the goals and South Africa's current economic climate and status quo is significant (Chinyamurindi, and Shava, 2019). For example, according to the Quarterly Labour Force Survey of Statistics South Africa (StatsSA), the unemployment rate for the first

quarter of June 2023 was 32.9% which includes those who are actively searching for work but are unable to find it (StatsSA, 2023).

Although the South African government tries to mitigate the above challenges by means of social grant provision, this is not enough. Sürücü and Maslakci, (2020) argue that the continuous trend of increased poverty, unemployment and inequality has led numerous citizens to stop being dependent on the government and seek new avenues for generating new income streams. Two common examples include people turning to entrepreneurship and small business creation to generate additional income. Munyanyi, Munongo and Pooe, (2021) recognise SMMEs to be a 'buss word' representing both a vehicle and tool for advancing inclusive growth and development globally.

In South Africa, the government has implemented a range of initiatives and support programmes aimed at promoting and assisting the development of SMMEs financially and non-financially. However, Hlongwane, Nyiko Worship, (2025) Nuwagaba, and Krüger, (2019) note that this type of intervention by government does not benefit all intended SMMEs, particularly those micro enterprises operating in townships and rural townships in Limpopo Province, particularly in the Mankweng area. These SMMEs lack the essential capacity and motivation to contribute significantly to economic development, the reduction of inequality, and the alleviation of unemployment. Instead, they primarily operate in a survivalist mode. This self-reliant approach leaves them to navigate their path without relying on external assistance, all the while striving to maintain sustainability and profitability. In doing so, the owners and their families benefit from the enterprise, which in turn aids in poverty reduction and the mitigation of unemployment (Bhorat, Asmal, Lilenstein & Van der See, 2018).

Bango, (2023) highlights that despite their resilience, informal SMMEs in Mankweng face significant challenges in achieving financial self-reliance. Many operate with limited access to formal credit, inadequate financial literacy, and insufficient capital for expansion. Their informality further exacerbates these challenges, as they often lack proper registration, structured record-keeping systems, and compliance with regulatory frameworks. De Boer, (2023) observes that this prevents them from accessing the full range of support services and opportunities available to formal businesses, such as government funding, tax incentives, or bank loans. Instead, most

of these enterprises rely heavily on personal savings, informal lending systems, or contributions from family members and close networks to sustain their operations (Pech and Vrchota, 2020). Consequently, they remain vulnerable to financial shocks, unable to diversify or scale their operations effectively, and often trapped in a cycle of survivalist entrepreneurship rather than growth-oriented business development. This reality not only limits their capacity to compete but also stifles their potential to significantly impact local economic growth (De Boer, 2023).

Struwig, Nuwagaba & Krüger, (2019) argue that the persistence of informality raises critical questions about the sustainability and long-term viability of these SMMEs, this is further supported by (Booyens, 2021). While they undeniably play a vital role in alleviating poverty and providing livelihoods for many households in Mankweng, their exclusion from mainstream economic structures undermines their ability to evolve into more robust contributors to the economy. Informality means that their contributions often go unmeasured and undervalued in formal economic statistics, further marginalising their role in policy planning and development strategies (Felzensztein, Venter and Salloum, 2025). Moreover, without access to skills development, market linkages, and formal financial systems, these businesses are unable to transition from being merely self-reliant survivalist enterprises to becoming innovative and competitive actors within the broader economy. This study therefore seeks to investigate the factors influencing the financial self-reliance of informal SMMEs in Mankweng while assessing their economic contribution to the local economy.

1.3. PROBLEM STATEMENT

Unemployment, poverty, and inequality are global challenges that predominantly affect developing countries (Chinyamurindi & Shava, 2019). A study by Nyoni and Bonga, (2018) has linked SMMEs with being able to tackle such challenges which prompted governments to increase efforts into establishing initiatives that support the creation and growth of SMMEs.

The South African government created the NDP 2030, in 2012, highlighting steps on how the triple challenges, which include unemployment, inequality and poverty, should be tackled in different ways, one of which being through SMMEs. Mlotshwa and Msimango-Galawe, (2020) and Struwig, Nuwagaba, and Krüger (2019) emphasise how the government is not mandated to create jobs, but to create an enabling

environment which would allow SMMEs to thrive and ultimately create jobs, which would then reduce unemployment and inequality. This is done through multiple government agencies and programmes.

Although the Department of Small Business Development (DSBD), in collaboration with its agency Small Enterprise Development Finance Agency (SEDFA), provides both financial and non-financial support to small businesses and entrepreneurs, access to such support is contingent upon meeting several requirements. These include formal registration of the business and possession of a business license through the Companies and Intellectual Property Commission (CIPC); 100% South African ownership; a workforce comprising at least 70% South African nationals; registration with the Unemployment Insurance Fund (UIF) and the South African Revenue Service (SARS); and the operation of a valid business bank account. Unfortunately, most small businesses and entrepreneurs operating in rural, and townships are unable to meet these requirements, which leads to them not benefiting and taking advantage of the available programmes. Such businesses are then forced to operate in the informal sector, be self-reliant and hope to be self-sustaining while having an impact on the local economy (Struwig, Nuwagaba & Krüger, 2019).

Authors such as Chinyamurindi and Shava, (2019); Mlotshwa, and Msimango-Galawe, (2020) and Kunaka and Moos, (2019) have argued about how SMMEs are seen as the drivers towards the resolving some of the triple challenges. However, in predominantly impoverished and developing economies, such as the Mankweng area in Limpopo Province, the shortage of marketable skills remains a persistent challenge for small and medium-sized enterprises (SMMEs) which leads to them not growing at a desirable rate, leading to a significant portion of the population remaining unemployed and mired in poverty. These conditions are prevalent in Mankweng area of Limpopo Province, despite the increasing prevalence of SMME activities in the area.

A study by Felzensztein, Venter and Salloum, (2025) reveal that the informality of these businesses is closely tied to their financial self-reliance. Without access to formal funding mechanisms, many informal SMMEs in Mankweng rely on personal savings, informal lending, or family networks to sustain operations. While this enables them to survive and provide household income, it also leaves them vulnerable to financial shocks and limits their ability to scale up or transition from survivalist enterprises to

growth-oriented ventures. Tate & Bals, (2018) reiterates that their informality also makes their contributions to employment and poverty reduction less visible in policy frameworks, resulting in a cycle of marginalisation.

These prevalent conditions constrain the ability of informal SMMEs in Mankweng to create sustainable employment, generate income, and improve living standards, creating a pressing need to understand how they sustain themselves under such circumstances, the extent to which financial self-reliance enables or constrains their growth, and their overall economic contribution to the local economy (Struwig, Nuwagaba & Krüger, 2019). By addressing this gap, the study provides insights that can inform more inclusive policy interventions that recognise the realities of informality while unlocking the developmental potential of SMMEs in rural and township contexts.

1.4. PURPOSE OF THE STUDY

1.4.1. Aim of the study

The aim of the study is to investigate the factors that affect the financial self-reliance of informal SMMEs in the Mankweng area and to assess their economic contribution.

1.4.2. Objectives of the study

The objectives of the proposed study are as follows:

- 1) To investigate the factors that facilitate the financial self-reliance of the selected informal SMMEs in the Mankweng area.
- 2) To examine the factors that constrain the financial self-reliance of the selected informal SMMEs in the Mankweng area.
- 3) To assess the economic contribution of the selected informal SMMEs make to the Mankweng area.
- 4) To offer recommendations and insights of strategies to enhance the financial self-reliance of these informal SMMEs.

1.5. RESEARCH QUESTIONS

The research questions are:

- 1) What are the factors that facilitate the financial self-reliance of the selected informal SMMEs in the Mankweng area?
- 2) What are the factors that constrain the financial self-reliance of the selected SMMEs in the Mankweng area?
- 3) What economic contribution are the selected informal SMMEs making in the Mankweng area?
- 4) What strategies can be employed to improve the financial self-reliance of the selected informal SMMEs in the Mankweng area?

1.6. DEFINITION OF CONCEPTS

1.6.1. Small, Medium, and Micro Enterprises

SMMEs are identified based on specific criteria, which include factors such as the number of employees, annual turnover, and total assets. These businesses are usually run by one or more owners and may include their branches, if applicable. They primarily operate within specific sectors or sub-sectors of the economy, as outlined in the National Small Business Act 102 of 1996. Additionally, the categorisation of SMMEs as formal, informal, or survivalist depends on the specific circumstances and context of the small business's location (Bvuma & Marnewick, 2020). In this study, the focus is on the informal micro-enterprises, which have between one and five employees, including the owner.

1.6.2. Informal Micro Enterprises

Informal Micro Enterprises refer to micro-enterprises which operate outside of established formal regulations, structures, and legal frameworks (Bvuma & Marnewick, 2020). Chinyamurindi and Shava, (2019) agree that informal micro-enterprises are predominantly not officially registered with the government; may not comply with tax regulations and often do not follow formal accounting or labour practices.

1.6.3. Self-reliance

In a study conducted by Betts, Omata and Sterck, (2020), self-reliance is described as the capacity and inclination of an individual or a collective to autonomously fulfil their own requirements, address challenges and make well-informed choices without an over-reliance on external aid, external influence, or external resources. It is a state of self-sufficiency where individuals take responsibility for their own well-being and take

control to fulfil their own desires and goals. The current study defines financial self-reliance as the capability of the SMME owner/manager to achieve their financial needs without asking for assistance, especially from government support schemes that are available for small businesses.

1.7. SIGNIFICANCE OF THE STUDY

The study aimed to contribute to and enhance the existing academic knowledge gap regarding the factors that either facilitate or constrain the self-reliance of SMMEs and their resulting impacts. This information is anticipated to play a significant role in shaping the future trajectory of SMMEs, while also informing the development and refinement of government policies and regulatory frameworks within the sector. It holds relevance for government institutions such as the Department of Small Business Development, SEDA, SEFA, the Limpopo Economic Development Agency (LEDA), and the Limpopo Department of Economic Development and Enterprise Development, among others, who may use the study as a reference for providing comprehensive support to SMMEs that are currently excluded from support programs due to regulatory requirements. The study findings will be shared with the Mankweng area business people, with the anticipation that the findings may contribute to some extent towards reducing some of the constraints facing such businesses while enhancing the facilitating factors to contribute towards self-reliance of the said businesses.

1.8. CONCLUSION

The overarching issue of poverty, inequality, and unemployment affects many developing countries, with sub-Saharan nations facing particularly high rates of these problems due to rapid population growth outpacing job creation. To address these issues, governments have shifted towards promoting entrepreneurship and the establishment of Small Enterprises. In South Africa, the 2012 National Development Plan (NDP) set ambitious targets to reduce unemployment to 6% by 2030 (Chinyamurindi, and Shava, 2019). Despite the focus on fostering SMMEs, many small businesses, particularly in rural areas, face challenges meeting regulatory requirements to access government support, leading them to operate informally. As a result, these enterprises must rely on their self-sufficiency to survive (Hlongwane, Nyiko Worship, 2025).

The study in question aimed to explore how informal SMMEs in the Mankweng area of Limpopo Province manage to achieve financial self-reliance despite these hurdles and contribution to the economy. The research identified factors that facilitate or hinder their success, assessed their economic contributions to the area, and provided

recommendations for enhancing SMME self-reliance to ultimately reduce poverty and unemployment.

1.9. OUTLINE OF THE STUDY

The study was split into five chapters and the contents of these chapters is outlined as follows:

- **Chapter One: Introduction and Background**

The chapter is outlining the introduction of the study, the rationale for conducting the study, the aim, objectives, and research questions of the study.

- **Chapter Two: Literature Review**

The chapter is presenting the review of existing literature that is recent and relevant to the topic. The factors that facilitate and SMMEs' self-reliance and economic contribution was explored. The chapter is also detailing the conceptual and theoretical framework for the study.

- **Chapter Three: Research Methodology**

The chapter is explaining the methodology of the study, paradigm, research design, data collection and analysis methods.

- **Chapter Four: Research Results**

The chapter presents the results of the analysed data in the form of quotes from the participants.

- **Chapter Five Conclusion and Recommendations**

The chapter is discussing the summary of results, conclusions and recommendations based on the results of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1. INTRODUCTION

This chapter presents literature review on SMMEs, hinderances that they face and enabling factors that can assist in their financial self-reliance while assessing their economic contribution. It is divided into five sections. The first section explores the nature of SMMEs, while the second discusses their overall contribution to the economy. The third part examines government support for SMMEs in South Africa. In the fourth section, the notion of self-reliance and informal businesses is explored while the factors that facilitate and hinder SMME self-reliance are identified. Finally, the chapter concludes with a discussion of the theoretical framework, the informality of the SMMEs and financial self-reliance and a conclusion.

Poverty, inequality, and unemployment are pervasive issues, particularly in developing countries, where population growth often outpaces employment opportunities. In sub-Saharan Africa, including South Africa, this disparity has prompted a policy shift toward promoting productive entrepreneurship and SMME as a strategy to alleviate these socio-economic challenges. Governments globally support SMMEs through various financial and non-financial programs, recognizing their potential to drive inclusive growth and development. The role of SMMEs in South Africa is crucial for economic growth, job creation, and poverty reduction. Despite their potential, SMMEs in developing regions like Mankweng face significant challenges.

Under apartheid, black South Africans were heavily restricted from engaging in small-scale production and trade, owning land, and accessing credit and infrastructure, which hindered the development of SMMEs. Post-1994, the government introduced initiatives to support SMMEs, recognizing their importance in expanding the workforce, generating revenue, and fostering economic growth. However, institutional support remains inconsistent, and legislation often fails to reach its intended beneficiaries. Understanding the factors that affect the financial self-reliance of SMMEs is essential for creating effective policies to support their growth and sustainability. This paper explored these factors, highlighting the challenges and opportunities that influence the economic contributions of SMMEs in South Africa.

2.2. DESCRIPTION OF SMMEs

SMMEs encompass a wide range of businesses across various economic sectors, including mining, construction, manufacturing, trade, retail, and services (Kindström, Carlborg and Nord, 2024). SMMEs operate across both the formal and informal sectors of the economy. Generally, countries and organisations classify SMMEs based on specific criteria such as the number of employees, annual turnover, and the total value of capital assets. According to Nthite and Worku, (2022), the primary purposes of this classification are to facilitate statistical analysis and inform effective policy formulation. Moreover, such categorisation enables the collection of data on the size and economic contribution of different types of SMMEs, thereby supporting the design of more targeted and impactful development interventions. In the context of this study, it is crucial to distinguish between the various types and sizes of SMMEs, as well as to understand their unique characteristics, as outlined below:

2.2.1. Small Enterprises

These enterprises typically employ fewer than 50 permanent employees and are predominantly owner-managed, operating from fixed business premises and fulfil formal business requirements, including registration with taxation authorities. Maziriri and Chivandi, (2020) add that small enterprises maintain sustainable employment growth and sufficient labour productivity, with an annual turnover ranging approximately between ZAR 200,000 and ZAR 10 million. Examples of such enterprises includes manufacturing units, service providers like consulting firms, and medium-sized retail stores.

2.2.2. Medium Enterprises

Hewitt, and Van Rensburg, (2020) describe medium enterprise as businesses that employ between 50 and 200 individuals. While they are typically owner-controlled, they often exhibit more complex ownership and management structures compared to smaller enterprises. Also, such enterprises operate within the formal sector with access to technological devices such as computers and internet, allowing them to be sustainable employment growth and higher division of labour while contributing significantly to local economic development. Msomi and Olarewaju, (2021) state that these enterprises have an annual turnover between ZAR 10 million and ZAR 50 million

inclusive of examples like larger manufacturing plants, construction companies, and sizeable hospitality businesses.

2.2.3. Micro Enterprises

Hlongwane, Nyiko Worship, (2025) explain that micro enterprises are very small businesses often involving the owner and several family members. Such enterprises are characterised by the employment of more than four regular workers, the lack formal business premises and licenses but possess basic business skills while serving as a learning curve for transitioning into more formal small businesses and typically operate within informal settings yet can show potential for growth having the owners often perform multiple roles (Hewitt and Van Rensburg, 2020). Booyens, (2021) Highlights that micro enterprises are exemplified by small retail shops, hairdressers, and small-scale artisans with an annual turnover of up to ZAR 0.2 million approximately.

2.2.4. Survivalist Enterprises

According to Sürücü and Maslakci, (2020), survivalist enterprises consist of informal activities conducted by unemployed individuals unable to secure permanent employment, which includes “hand-to-mouth” of the proceeds received from the goods sold or services rendered. Mokoena, (2019) points out that such enterprises are characterised by having an income below minimum standards, minimal capital investment, minimal skills training (Booyens, 2021). These enterprises have low productivity and little chance of ultimately growing into larger enterprises.

Furthermore, Msomi and Olarewaju, (2021) note that these survivalists’ enterprises are predominantly in the service sector, particularly retail or trade, with visible increase in size during economic downturns and decrease as the economy improves. These enterprises are exemplified by hawkers, street vendors, and spaza shops.

2.3. THE CONTRIBUTION OF SMMEs TO THE ECONOMY

Poverty and unemployment are considered the most significant challenges facing many developing countries (Nthite and Worku, 2022). As a response, SMMEs are hailed as a viable solution to address these socio-economic issues. They are seen as a key vehicle for job creation, which, in turn, could lead to a reduction in poverty levels. Nieuwenhuizen, (2019) states that the acknowledgment of SMMEs to generate employment and reduce poverty has prompted both government and private sector

organizations to establish various initiatives aimed at achieving broader socio-economic goals in their respective countries. Consequently, numerous interventions have been introduced to support the growth of this sector in several developing nations. The support of SMMEs has resulted in their contribution to the economies of several countries globally, South Africa included.

2.3.1. The Contribution of SMMEs in the Global Economy

The vital role of SMMEs in promoting economic growth and development is widely recognised by both researchers and policymakers. Empirical studies, such as that of Mokoena, (2019), highlight the significant contributions of SMMEs to job creation, income generation, wealth accumulation, innovation, poverty alleviation, and the overall enhancement of living standards within local communities. These contributions help explain why SMMEs constitute a substantial portion of economic activity in many countries, regardless of their level of development (Msomi and Olarewaju, 2021).

Numerous policymakers and scholars regard SMMEs as essential drivers of economic development and poverty alleviation, particularly within the context of developing countries (Kalitanyi, 2019). Sishuba, (2020) suggests that a thriving economy often features a vibrant SMME sector. However, Booyens, (2021) asserts that SMMEs contribute more significantly to well-developed countries, characterized by high education levels, low inflation, and strong financial support systems. Although SMMEs might not have as significant an economic impact in some economies, their contributions to innovation, facilitating change, and promoting competition remain vital (Kalitanyi, 2019).

2.3.2. International perspective on the contribution of SMMEs on economic development

Research from various sources supports the idea that SMMEs play a crucial role in the global economy. Edmiston, (2022) found that in the United States, despite the presence of large corporations, it is SMMEs that primarily drive economic activity. Similarly, Nthite and Worku, (2022) and Maduku, and Kaseeram, (2021) state that on a global scale, 90% of businesses are SMMEs, employing over half of the private sector workforce, while in Sweden, SMMEs account for 61% of the country's economic wealth generation. Marnewick, (2020) study in India revealed that SMMEs positively impact economic growth by creating jobs and reducing poverty. Mukwarami, Mukwarami, and Tengeh, (2020) and Vacu-Ngqila, and Ho, (2023) note that SMMEs

not only fuel economic growth but also act as catalysts for the development of the Nigerian economy while fostering community cohesion.

According to Booyens, (2021), SMMEs contribute to social well-being by promoting economic inclusion, providing goods and services to underserved markets, and employing a significant number of women entrepreneurs while also driving innovation with their ability to generate fresh ideas, launch new products, and adapt quickly to changes, often displaying higher growth potential than larger enterprises (Kalitanyi, 2019).

Endris and Kassegn, (2022) highlight that in developed regions such as the European Union, SMMEs constitute approximately 98-99% of all enterprises and employ over 100 million people, accounting for more than two-thirds of private-sector employment (Bango, 2023). Similarly, countries like Australia and Germany also benefit significantly from the economic contributions of SMMEs. Research on job creation emphasizes that the formation and closure of small businesses are critical factors influencing the overall employment dynamics within this sector (Mokoena, 2019).

In the United States, small businesses serve as key drivers of economic activity. For example, businesses with fewer than 500 employees employ most of the U.S. workforce (Nthite and Worku, 2022). Between 2001 and 2003, small businesses with fewer than 20 employees created 853,074 jobs, representing 99.7% of all firms and contributing to over half of the private sector's GDP. By 2004, there were approximately 5 million SMMEs in the U.S., collectively employing more than 6 million people (Kalitanyi, 2019). These figures underscore the significant role small businesses play in the global economy, particularly when supported by effective policies and programmes.

In Japan, SMMEs account for a substantial portion of business establishments and contribute significantly to both regional and national economic stability. Likewise, in countries such as China and Taiwan, SMMEs generate between 60% and 88% of national total income (Ming, 2020).

In Africa, SMMEs play a crucial role in employment and economic development. In Nigeria, for example, SMMEs provide income for many people and account for about 50% of economic activities (Sishuba, 2020). Although SMMEs might have limited capital, they operate in a wide range of sectors, including manufacturing, farming,

transportation, and craftsmanship. This diversity makes SMMEs an essential source of employment, with 60% of the urban labour force in many African countries employed in this sector (Msomi and Olarewaju, 2021).

While SMMEs support the achievement of Sustainable Development Goals (SDG), there are opposing views. Endris, and Kassegn, (2022) argue that the proliferation of small businesses does not always equate to economic growth, suggesting that in sub-Saharan Africa, a high percentage of small businesses might be associated with low wages and poverty. Consequently, enabling conditions must be in place for SMMEs to contribute effectively to a country's economic development.

Finally, globally, it has been recognised that SMMEs assist in the achievement of economic development by means of formation of employment and reduce of poverty and inequality in the developing countries is accomplished (Struwig, Nuwagaba and Krüger, 2019). Mashisha, Maumbe and Sibanda, (2019) agree with Enaifoghe and Vesi-Magigaba, (2022) and Kunaka and Moos, (2019) that globally, SMMEs play a critical role and are recognised for being employers, the customers and the suppliers of goods and services to local markets and recognised for being responsive and fast in decision making, they are also able to work with minimum capital. However, many SMMEs, especially the ones operating at a micro-level in rural and townships which are predominantly small scale are unable to reach their potential as they are faced with multiple constraints. They are forced to maximise factors that facilitate their self-reliance, self-sustenance, and profitability (Chinyamurindi and Shava, 2019).

SMMEs further impact the local and domestic economy due to their input of money into the economy by means of purchasing stock from retailers in bulk, purchasing goods and services for their households and payment of wages, to those who have employed workers (Enaifoghe, 2018). Additionally, the SMMEs operating in communities form part of the greater community and social capital created by the relationships formed between the businesses and the community members (Enaifoghe & Vesi-Magigaba, 2022). This supports the concept of social cohesion in communities where “ubuntu” is practiced where businesses can even assist community members buy on credit knowing and trusting that they pay back as promised.

2.3.3. The contribution of SMMEs towards the South African economy

In South Africa, DSBD, in collaboration with its agencies SEDA and SEFA, aims to create a supportive environment for SMMEs, fostering their growth and sustainability to make them key contributors to economic growth and job creation (Marnewick, 2020). The DSBD fulfils this mandate through legislation, policies, and regulations that align with Broad-Based Black Economic Empowerment (BBBEE), the National Development Plan (NDP), the Growth, Employment and Redistribution (GEAR) strategy, and the Reconstruction and Development Programme (RDP), focusing on SMMEs (Maduku and Kaseeram, 2021).

However, a review by Bango, (2023) and Vacu-Ngqila and Ho, (2023) of the above policies and legislation in South Africa found that while there is a strong policy recognition of SMMEs' central role in driving economic, structural, and political transformation, the same policies designed to support SMMEs often have shortcomings. These policies, intended to protect public funds, can create barriers for SMMEs, preventing them from fully benefiting from the support mechanisms (Saah, 2021). This situation forces SMMEs to seek alternative pathways for achieving financial self-reliance and sustainability.

South Africa faces significant challenges in the form of poverty and unemployment, with many communities struggling under these pressures. At the same time, SMMEs are crucial for driving economic growth, creating jobs, and generating income in underprivileged communities (Mokoena, 2019). According to Ndabeni Endris, and Kassegn, (2022), these enterprises can offer employment opportunities to the impoverished, enabling them to earn money for essential goods and services.

Kunaka and Moos, (2019) and Mlotshwa and Msimango-Galawe, (2020) assert that with the perpetuating challenges of poverty, inequality, and unemployment, particularly in developing countries such as those in sub-Saharan Africa, which governments cannot tackle on their own, they had to find new mechanisms to assist with dealing with such issues, SMMEs being one of the mechanisms. According to Yusuf, (2022), South African government has over the years come up with numerous policies, regulation and programmes providing financial and non-financial assistance to SMMEs after recognising their contribution to economic development.

Sishuba, (2020) observes that the current small business landscape in South Africa is fragmented, with multiple institutions providing separate and often uncoordinated support to entrepreneurs. This disjointed approach leads to isolated efforts and duplication of work, which undermines the potential for a unified and positive economic impact, thereby limiting the cohesive nationwide contribution of SMMEs (Bango, 2023).

Furthermore, Mokoena, (2019) highlights the lack of reliable and verified national data necessary to accurately assess the true economic contribution of SMMEs. Existing research, conducted across both public and private sectors, varies considerably in relevance, evidentiary robustness, and practical application, with findings rarely achieving widespread adoption (Nieuwenhuizen, 2019).

Msomi and Olarewaju, (2021) argue that such fragmentation can result in system overload, whereby public service providers attempt to address multiple issues simultaneously, ultimately falling short of meeting policy objectives. This overextension diminishes the effectiveness of initiatives aimed at supporting SMMEs and impedes their capacity to drive economic growth.

To address these challenges, Sishuba, (2020) notes that South Africa has introduced various technical and financial support systems to strengthen the sector's ability to fulfil its economic role (Kalitanyi, 2019). Ming, (2020) further elaborates that these mechanisms involve collaboration among government bodies, public enterprises, private sector institutions, and non-governmental organizations, with the primary goal of fostering socio-economic development and reducing poverty through the expansion of small businesses.

According to Sishuba, (2020), SMMEs, rather than large corporations, are widely regarded as the driving force of South Africa's economy. These enterprises, ranging from micro-enterprises with fewer than five employees to those employing up to 200 individuals, represent the main sources of employment and income for many South African communities and account for most new job creation (Nthite and Worku, 2022). Msomi and Olarewaju, (2021), along with Kalitanyi, (2019), further suggest that SMMEs are crucial in addressing the persistent challenges of poverty, unemployment, and inequality prevalent in rural areas and townships throughout the country.

Urban and Naidoo, (2019) note that SMMEs in South Africa contribute approximately 35% of the country's GDP, account for 43% of all salaries and wages, and employ about 54% of all private sector workers. The development and support of SMMEs are considered crucial for enhancing the economic performance of both local and national economies. Moreover, Kalitanyi, (2019) states that the South Africa's White Paper on Small Business and the National Small Business Act highlight SMMEs as pivotal for socio-economic development. These enterprises are viewed as capable of:

- Addressing high unemployment rates through their substantial capacity to absorb labour;
- Fostering local competition by creating new market opportunities and adapting to changing consumer demands, thereby enhancing international competitiveness due to their inherent flexibility;
- Correcting economic inequalities established during the apartheid era, such as disparities in economic ownership and limited career opportunities for Black workers;
- Supporting Black Economic Empowerment by promoting SMMEs that are initiated, owned, and managed by historically marginalized groups; and
- Playing a critical role in meeting basic needs, particularly in contexts where formal social support systems are inadequate.

Mokoena, (2019) emphasizes that while SMMEs contribute significantly to national economies, their impact is particularly profound at the local level. Similarly, Kalitanyi (2019) argues that SMMEs are pivotal to local economic development, serving as the main sources of income generation, innovation and direct employment, within their communities. Sishuba, (2020) adds that employment levels in local economies can have a ripple effect, influencing factors like disposable income and the creation of new small businesses. Additionally, SMMEs contribute a substantial share of local tax revenues, including income tax, property tax, and employment tax (Bango, 2023). Nieuwenhuizen, (2019) supports that this increased tax revenue allows local governments to fund public infrastructure projects like road repairs, school development, and other essential public services. Therefore, fostering more SMMEs at the local level can lead to a significant boost in both economic activity and public services.

SMMEs are increasingly recognised for their role in reducing poverty within South Africa's local economies (Marnewick, 2020). Endris and Kassegn, (2022) explain that these businesses create and sustain jobs that allow low-income individuals to earn wages to meet their basic needs for goods and services. Thus, small enterprises contribute to poverty alleviation by generating employment opportunities through the formation of new businesses or the extension of existing ones, offering income to those in need (Sishuba, 2020). Kalitanyi, (2019) identifies the "poor" here, as SMME owners, employees, their dependents, the unemployed who may find work at these enterprises, and the low-income individuals who purchase stock and services from these small businesses in the community.

According to Bango, (2023), many individuals turn to SMMEs out of necessity, often due to the limited availability of adequate paid employment opportunities. In such contexts, starting a small enterprise becomes a means to lift themselves out of poverty. Ming, (2019) highlights that these dynamic underscores the critical role of SMMEs in local economic development. These survivalist enterprises initially aim to meet the basic needs of their owners but have the potential to expand into larger, more sustainable businesses that not only increase owners' incomes but also generate employment opportunities for others. Saah, (2021) suggests that South Africa could achieve substantial job growth, economic development and wealth creation if the SMME sector is supported and enabled to improve business performance.

2.4 GOVERNMENT SUPPORT TOWARDS SMMEs IN SOUTH AFRICA

To promote the development and growth of SMMEs, the South African government has implemented a comprehensive range of policies, regulations, and programmes. Key among these is the National Small Business Act 102 of 1996, which provides a legislative framework obliging state organs to actively support and promote small businesses across the country (Bango, 2023). This Act also establishes important bodies such as the National Small Business Council and the Ntsika Enterprise Promotion Agency, while repealing or amending existing laws related to business licensing and operating hours to streamline regulatory processes. It is noteworthy that at the time this research project was conducted, in July 2024, the Small Business Act was amended to introduce several important developments. Notably, the Department made significant progress in merging its two key agencies, SEDA (which provides non-

financial support to SMMEs) and SEFA (which offers financial support), into a single entity known as the Small Enterprise Development Finance Agency (SEDA), (DSBD, 2024). This merger aims to reduce administrative bureaucracy, eliminate red tape and misalignment, and streamline processes in supporting SMMEs.

Additionally, the establishment of the Office of the Small Enterprise Ombud Service has been initiated to address and resolve disputes involving SMMEs (SEDA, 2024). While it can be assumed that the SMMEs examined in this research, particularly those operating informally, may not yet be fully integrated into or benefiting from these amendments, it is hoped that future provisions will cater to them as well.

Furthermore, given that the Department is the custodian of small business development, attention has increasingly turned to informal food handling businesses and spaza shops, which form a key part of this study. These enterprises have historically faced challenges in accessing formal support mechanisms. However, they are now beginning to receive increased attention and financial resources through the Transformation Fund launched in partnership with the DTIC to empower them by providing them with access to financial resources and support, this will ensure compliance with food safety requirements (the DTIC, 2024). However, it remains to be seen how effectively these reforms will address the specific needs of such informal SMMEs in the foreseeable future.

Additional legislative and institutional support mechanisms include the Reconstruction and Development Programme (RDP), the Growth Employment and Redistribution (GEAR) Strategy, and the establishment of the Industrial Development Corporation (IDC), all of which underpin the SMME development mandate and encourage entrepreneurship. Furthermore, specialized agencies such as the National Youth Development Agency (NYDA), SEDA, SEFA, the Centre for Small Business Promotion (CSBP) have been created to provide targeted support, advocacy, and financial assistance to small enterprises.

These initiatives were reinforced by the Khula, Ntsika, Umsombovu Youth Fund, the National Empowerment Fund of 1998, the Affirmative Procurement Framework Act of 2000, and Comprehensive Black Economic Empowerment (BEE) programmes such as the Accelerated and Shared Growth Initiative (ASGISA) and the Sector Education and Training Authorities (SETAs) (Struwig, Nuwagaba and Krüger, 2019).

In 2014, the South African government established the DSBD, along with its agencies, namely the SEDA and SEFA, play the leading role in SMMEs support, these entities offer programmes aimed at providing financial and non-financial support to SMMEs (Endris, and Kassegn, 2022). Additionally, it remains the mandate of DSBD to create and lead a coordinated enabling environment that supports SMMEs, ensuring that they become the heartbeat of economic growth and employment creation (Vacu-Ngqila and Ho, 2023).

To ensure inclusiveness and promote sustainable growth for SMMEs, the South African Cabinet approved the promising National Integrated Small Enterprise Development (NISED) Masterplan, a comprehensive 10-year strategy designed to coordinate the ecosystem of stakeholders supporting small enterprises (Sishuba, 2020). Nthite and Worku, (2022) emphasize that the NISED Masterplan is structured around four fundamental pillars, under which various departmental programmes operate synergistically to foster the growth and sustainability of the SMME sector in South Africa. Kalitanyi, (2019) asserts that this framework facilitates targeted policy and regulatory interventions based on empirical evidence, thereby enabling an improved service environment for delivering support to SMMEs, further strengthened by collaborative partnerships between the public and private sectors.

Since the establishment of DSBD, its mandate has guided the creation of key directorates aimed at addressing challenges faced by SMMEs in South Africa. Notably, the Directorate of Integrated Cooperatives and Micro Enterprise Development was established to drive economic transformation through the integration and support of informal businesses, cooperatives, and micro-enterprises (Msomi and Olarewaju, 2021). According to Kalitanyi, (2019), this directorate oversees programmes and units such as Value Chain Support, Domestic Market Access Support, International Market Support, and Cooperatives Support, all of which focus primarily on the establishment, growth, and sustainability of SMMEs within the country.

DSBD through SEDA provides non-financial support to SMMEs and cooperatives, SEDA is known to have presence in some townships and rural areas and has programmes targeting youth and women, which is an important factor as informal SMMEs are predominantly located in township and rural areas (Chiromo, and Nani, 2019). SEDA supports about ninety-nine (99) Technology Incubation Centres nationally, enabling start-ups and new disruptive innovations a well-resourced and

safe environment in which they develop and grow for three years, however, this might not appeal to SMMEs in rural and township areas as they may not necessarily be the target market as they are mostly operating on a survivalist model and are likely to not need the provided programmes due to the rigorous requirements and expectations on the SMMEs, meaning they most probable would not qualify to benefit as a result of not meeting most of the pre-determined requirements set by government and its institution (Bango, 2023).

Nthite and Worku, (2022) mention that it is noteworthy that an assessment of The National Development Plan (NDP) 2030 Vision highlights that existing support mechanisms for small enterprises remain inadequate. The NDP envisions SMMEs as key drivers for creating 90% of new job opportunities by improving procurement processes, enhancing access to start-up finance, simplifying regulatory requirements, and reducing the cost of doing business (Chinyamurindi, and Shava, 2019).

To specifically address the needs of SMMEs located in townships and rural areas, the Township and Rural Entrepreneurship Programme (TREP) has been established (Department of Small Business Development, 2023). TREP is a dedicated initiative aimed at transforming and integrating business opportunities within these areas into productive and sustainable ventures. Its core objective is to establish a conducive environment and supportive ecosystem, providing entrepreneurs with the necessary infrastructure, regulatory framework, and business support to foster profitability and long-term sustainability. The programme targets enterprises owned by township and rural-based entrepreneurs, seeking to redress the historical economic exclusion faced by these communities through focused business support (DSBD, 2023).

Participating SMMEs receive comprehensive assistance, which includes access to business incubation, skills training, One-Stop-Shop business support service, access to funding like working capital, and product development support. These initiatives form part of the Medium-Term Strategic Framework (MTSF) interventions, which aim to stimulate the growth of competitive small businesses, with particular emphasis on township economies and rural development (DSBD, 2023). TREP further categorizes qualifying entrepreneurs to ensure tailored support that meets diverse needs within these communities.

- Spaza-Shop Support Programme Personal Care (Salon) Support Programme;
- Small-Scale Bakeries and Confectioneries Support Programme;
- Butcheries Support Programme;
- Autobody Repairers and Mechanics Support Programme (as well as small and independent auto-spares shops and informal automotive entrepreneurs);
- Clothing, Leather, and Textiles Support Programme; and
- Tshisanyama and Cooked Food Support Programme (Department of Small Business Development, 2023).

Another programme offered by SEDA for SMMEs is the Small Enterprise Manufacturing Support Programme, which focuses on:

- Building a manufacturing sector for an improved industrial base (productive economy) through a focused import replacement programme; and
- Building the industrial base for both the domestic market and external market (in particular, the African Union market).

The programme aims to contribute to South Africa's localization strategy by supporting manufacturing enterprises to:

- Increase the relative contribution of manufacturing to GDP;
- Grow manufacturing employment targets;
- Change the structure of manufacturing to high tech manufacturing;
- Increase labour productivity; and
- Drive import replacement through locally manufactured goods increases exports in manufactured goods.

SEDA outlines the scope of the programme as follows:

- Furniture manufacturing – Furniture manufacturers, including coffin makers;
- Basic iron, metal, and steel manufacturing – Manufacturers and suppliers of iron and steel products;
- Petroleum and chemical manufacturing – Manufacturers of sanitisers, disinfectants, recycling, paints, oils, hair & skin products, and related products;
- Food and Beverages manufacturing – Agro-processors of primary agricultural products including beverages sourced from small-scale farmers;

- Clothing, leather, and textiles – The makers of shoes, linen, garments including pattern makers, designers, tannery, and fabric manufacturers amongst others;
- Electrical machinery manufacturing – Manufacturers of transformers, electric generators, electric motors, high voltage engineering, and power electronics; and
- Green Technology/ Digital Technology – Makers of PV panels, clean coal technology, 3D printing.

Nieuwenhuizen, (2019) argues that majority of programmes offered by government are broad and do not necessarily cater to start-up SMMEs, particularly those operating in informal sectors in rural and township areas. The same assumption can be made for the above-mentioned programmes, leaving SMMEs to find their way around the ecosystem all by themselves (Sürücü and Maslakci, 2020).

The DSBD has launched the Business Viability Programme to support SMMEs that are facing business difficulties. The goal of the programme is to help SMMEs address both financial and non-financial barriers (Bango, 2023). It is designed to assist SMMEs that are dealing with business challenges, aiming to improve their operational efficiency, restore profitability, and make significant contributions to economic transformation and job creation (Nthite, and Worku, 2022). Furthermore, it should be noted that the programme provides funding for acquiring new equipment, machinery, vehicles, and other business-related assets, strictly for business purposes. It also covers working capital needs such as payments to suppliers, salaries for employees, stock, raw materials, and other operational costs. Additionally, the programme offers blended finance, a mix of grants and loans, to further support SMMEs in overcoming their financial challenges.

According to SEFA, the grant has the following conditions:

- About 30% of the total funding requirement dependent on the development impact calculated through the score card;
- Interest rate on the loan component is limited to fixed 5%;
- Initial payment moratorium or up to a maximum of 12 months contingent on the business cashflows;
- Repayment period of a maximum of 120 months depending on the business cashflows; and
- Maximum funding accessible per entity is R15 million.

DSBD, SEFA, highlights that the above financial and non-financial support has requirements and qualifications criteria for SMMEs to meet, such as:

- Be a registered legal entity in South Africa (Registered with CIPC and UIF);
- The company must be 100% owned by South African citizens;
- Employees in the company should consist of a minimum of 70% South African citizen;
- Have been in operation for at least 12 months;
- Be registered and compliant with the South African Revenue Services;
- Business expansion plan or turnaround plan;
- FICA documents (e.g. Municipal accounts, Letter from Traditional Authority);
- Certified ID copies of Directors or members;
- 6 months bank statements;
- Latest annual financial statements;
- Management accounts not older than three months from date of application;
- Cash flow projections (with clear assumptions);
- Proof of product market - include contract(s) or purchase order(s) – where applicable;
- Copy of lease agreement or proof of ownership;
- Relevant industry certification – where applicable;
- Facility statements of other funders - where applicable;
- Quotations for applied funding and
- Detailed break-down on application of funds including salaries, rent etc.

While the availability of multiple financial and non-financial support programmes indicates that the government is making significant efforts to assist SMMEs, these enterprises often find it challenging to meet the complex requirements and expectations tied to these programmes (Mokoena, 2019). Msomi, and Olarewaju, (2021) asserts that as a result, many SMMEs that could benefit from this support are deterred from applying, leading them to remain as survivalist businesses rather than thriving and growing ones.

However, Sishuba, (2020) highlights that the stringent requirements are designed to protect public funds and ensure that taxpayer money is spent efficiently while delivering value for money. Mokoena (2019) supports this and adds that the

government's approach involves investing in SMMEs that contribute back to the economy, pay taxes, and employ South African citizens. This approach is intended to reinvest in the state and support the broader South African economy.

2.5. SMME SELF-RELIANCE

Self-reliance refers to the ability of informal SMMEs to sustain their operations and meet financial obligations mainly through their own resources, rather than depending on government support, donor funding, or formal financial institutions. In areas like Mankweng, it reflects both resilience, through personal savings, family support, and community financing, and vulnerability, as reliance on limited internal resources constrains growth and long-term sustainability. This dual nature of self-reliance provides the foundation for examining international trends, reasons for self-reliance, urban–rural differences, and the broader notion of informality in small businesses.

2.5.1. International Trends of Self-Reliance

Across the globe, self-reliance among small and micro-enterprises is a recurring theme, though the motivations and practices differ across economies. In developing economies such as Nigeria, Kenya, and India, self-reliance is often a necessity arising from limited access to formal employment, weak social security systems, and exclusion from mainstream financial services (Msomi and Olarewaju, 2021). Informal enterprises in these contexts rely heavily on community-based networks, rotating savings groups, and family contributions to survive. Nthite, and Worku, (2022) asserts that in contrast, in advanced economies such as the United States and Europe, self-reliance among small businesses is frequently associated with entrepreneurial independence, the pursuit of innovation, and lifestyle choices. Here, informal and small businesses may choose autonomy as a strategy for flexibility and self-determination rather than as a response to systemic exclusion (De Boer, 2023).

For the Mankweng area, these international trends highlight how self-reliance takes on a survivalist character. Unlike in developed economies where self-reliance can be aspirational, in Mankweng, it is often driven by economic necessity. Entrepreneurs are compelled to sustain their businesses without state or institutional backing, relying instead on personal initiative and resourcefulness. This aligns Mankweng more closely with other African economies where informal entrepreneurship is the default safety net for the unemployed.

2.5.2. Reasons for Self-Reliance in Different Economies

The reasons behind self-reliance vary widely depending on the socio-economic context. In fragile labour markets, such as South Africa, Nigeria, or Zimbabwe, self-reliance stems primarily from the absence of sufficient formal employment opportunities (Kunaka and Moos, 2019). Many individuals enter the informal business sector because it is the only viable means of survival, not because it is their first choice. By contrast, in developed economies like Germany or the United States, self-reliance is driven more by opportunity entrepreneurship, where individuals pursue business ventures to achieve financial independence, exploit niche markets, or avoid rigid formal employment structures.

In the case of Mankweng, self-reliance is predominantly necessity-driven. The high unemployment rate in Limpopo Province leaves individuals with few options but to create survivalist businesses such as spaza shops, salons, and food vendors. Felzensztein, Venter and Salloum, (2025) reveal that This form of self-reliance is not about pursuing innovation or expansion but about meeting immediate household needs. However, despite being survivalist in nature, these enterprises collectively contribute to local economic resilience, providing income, goods, and services in communities where formal businesses and state institutions are often absent.

2.5.3. Urban vs. Rural Informal Businesses and Self-Reliance

The distinction between urban and rural informal enterprises is critical in understanding financial self-reliance. Urban informal businesses generally operate in densely populated markets with greater access to infrastructure, suppliers, and financial services such as microfinance institutions (De Boer, 2023). This enables some level of growth and reinvestment, though they still face constraints of competition and regulatory pressures. Rural informal enterprises, on the other hand, such as those in Mankweng, operate with fewer market opportunities, poor infrastructure, and minimal exposure to formalised support structures (Hewitt, and Van Rensburg, 2020) For rural entrepreneurs in Mankweng, financial self-reliance often means depending on small-scale revenues, rotating community savings schemes, and informal credit arrangements with suppliers. Kunaka and Moos, (2019) have found that unlike urban informal businesses, which may reinvest to grow, rural enterprises largely operate at

subsistence levels, with profits going directly into household consumption. This distinction underscores how rural informality, particularly in Limpopo Province, reflects a deeper structural exclusion where self-reliance is not a choice but a necessity to ensure survival.

2.5.4. The Notion of Informality in Small Businesses

A study by Nohoua (2021) explains that informality in small businesses has been widely explored in global and South African literature, with scholars noting both its strengths and its limitations. On one hand, informality allows ease of entry into business, flexibility in operations, and low barriers to participation. It enables individuals with limited education, skills, or resources to create livelihoods where formal sector employment is inaccessible (Huy and Sott, 2019). On the other hand, informality comes at a cost. Informal businesses often lack proper registration, financial records, and compliance with tax and labour regulations, which excludes them from accessing government support, bank loans, and formal supply chains. (Nason and Wiklund, 2018)

In the context of Mankweng, informality is a defining feature of SMMEs. Most operate without CIPC registration, valid business accounts, or UIF and SARS compliance, meaning they remain invisible to formal policy frameworks. This leaves them locked out of formal financing schemes and reliant instead on self-reliance strategies such as borrowing from family, drawing on stokvels, or using profits directly for survival (Felzensztein, Venter and Salloum, 2025). Informality therefore shapes both the limitations and the opportunities of financial self-reliance in the area. While it allows flexibility and survival under constrained circumstances, it simultaneously constrains growth, sustainability, and broader economic impact. This paradox makes the investigation of informality central to understanding the financial self-reliance of SMMEs in Mankweng.

2.6. FACTORS THAT FACILITATE SMME SELF-RELIANCE

Pech and Vrchota, (2020) highlight that amidst the challenges faced by SMMEs, there exist evident factors that play a pivotal role in facilitating their financial self-reliance. Social capital emerges as a prominent facilitator, encapsulating the essence of interpersonal relationships and community ties, networking, and clusters. Scholars such as Huy and Sott, (2019) and Carrillo Álvares and Riera Romaní, (2020)

underscore the significance of social capital, elucidating its role in fostering coordination, resource mobilization, and ultimately, business success for SMMEs, especially those in informal settings like the Mankweng area. Literature has identified several factors that facilitate the SMME financial self-reliance as indicated below:

2.6.1. Community-based Market Opportunities

Numerous scholars have written in depth about the entrepreneurship journey, how it includes individuals identifying a gap in the market and creating unique products or services that directly bridges that gap. Nieuwenhuizen, (2019) emphasises that this ideology is like the one used by SMMEs in both rural, townships and urban areas. Seemingly, SMMEs operating in the Mankweng area have done research about what challenges are faced by the citizens, they have also identified and done research about their target market and the type of products and services they need to address those pre-determined challenges, which then lead to the establishment of SMMEs (Maduku and Kaseeram, 2021). Saah, (2021) asserts that the market determines whether there is a necessity for a particular product or service, he further adds that this is where issues of demand and supply are identified and realised, before coming up with products and services that SMMEs can venture into. This task can be done at the beginning of an establishment of a business venture or even on a continual basis to keep abreast of any changes that occur within the market (Bango, 2023).

A study by Bvuma and Marnewick, (2020) highlight how SMMEs in the informal sector capitalise on the gaps of those operating in the urban areas, and those which are big enterprises. Although it's the wish of many citizens in Mankweng area to do their shopping in Polokwane city, this is not always feasible due to several reasons like transport costs and time consumption, therefore, this is where SMMEs come in, the citizens would rather opt to make purchases, especially for convenience stores, salons etc at SMMEs operating within the same location as them. This need then creates a market opportunity for the SMMEs to bridge that gap, and in return become successful and financially self-rely.

2.6.2. Social capital

Huy and Sott, (2019) define social capital/capabilities as specific skills which allow entrepreneurs to utilise their interpersonal skills to achieve economic benefits. Carrillo Álvarez and Riera Romani, (2020) agree with this notion and emphasise that social capital refers to sets of socio-structural resources which are a derivative of social

relationships that enable individuals, groups, and teams to coordinate actions towards desired outcomes, social and business relations.

However, according to Msomi, and Olarewaju, (2021), even though there is theoretical and empirical significance of social capabilities, there is minimum conclusive research on the key influence social capabilities have on businesses. Many informal and micro SMMEs, especially the ones operating in rural and township townships take advantage of the concept of social capital. This is because they usually have a deep connection with the consumers of their goods and services due to living in the same communities, encountering similar experiences which leads to a creation of a bond between the business and its customers, ultimately leading to customer loyalty (Enaifoghe, 2020).

Suseno, (2020) argues that the fundamental principle behind social capital is that the business relationships and ties with the society play a crucial role, as they assist in providing support and resources that create value and positive results leading to profitability. Kunaka and Moos, (2019) agree that social capital has the potential to help business growth, success, sustainability, and resilience. Enaifoghe and Vesi-Magigaba, (2022) supports this argument and suggest that social capital has both negative and positive impacts to a business, and as such, businesses must make sure that they do not take advantage of the fact that society and community members know them, that they do not have to provide quality goods and services. The same “word of mouth” by community members that positively markets the business can destroy it. Social capital remains the biggest tool used by SMMEs to thrive in their different sectors (Mlotshwa & Msimango-Galawe, 2020).

Nthite, and Worku, (2022) further argue that social capital plays a crucial role in facilitating cooperation and collaboration among individuals and groups, (Maduku, and Kaseeram, 2021) add that it enables the pooling of resources, knowledge, and skills to achieve common goals. Literature has proven that businesses with strong social capital are better positioned to access information, funding, and support networks, leading to enhanced business performance, sustainability, and financial- sufficiency.

2.6.3. Cultivation of customer loyalty

Bvuma and Marnewick, (2020) argue that the concept of customer loyalty involves the way customers view a product or service based on their experience with it. Vacu-Nggila and Ho, (2023) suggest that if the customers are satisfied, they are likely to

return to the same provider. However, it's important to understand that customer loyalty is conditional upon a business meeting and exceeding expectations Chiromo and Nani (2019). Bango, (2023) emphasises that businesses must continually strive to meet these expectations because if customers are dissatisfied with the product or service, they may choose not to return and might even damage the business's reputation among other potential customers.

Nieuwenhuizen, (2019) argues that customer loyalty is particularly important for SMMEs, especially those in rural areas and townships. These enterprises often operate within tightly connected community settings, where a sense of loyalty can be established due to personal relationships or community ties (Saah, 2021). Mukwarami et al., (2020) and Kalitanyi, (2019) add that it is common for these SMMEs to be owned by close family members or friends, or to employ locals, creating a bond that fosters loyalty. The concept of 'ubuntu', which emphasizes community and human connections, plays a role in this loyalty, encouraging support from community members.

Nevertheless, Saah, (2021) asserts that it's crucial for SMMEs to stay competitive and ensure they provide quality goods and services at reasonable prices to maintain customer loyalty. Ultimately, it is the responsibility of SMMEs to keep customers satisfied and coming back through a consistent focus on high-quality products and competitive pricing (Mokoena, 2019).

2.6.4. Robust business networks and clusters

Cluster initiatives involve collaboration among various stakeholders in a particular sector or niche to remove obstacles, identify new market opportunities, improve incoming skills, attract investment, and collectively work towards sector or niche growth (Pech and Vrchota, 2020). Clusters typically encompass a diverse group of stakeholders, including public and private sector participants such as core companies, suppliers, specialized service providers, government agencies, and academia (Chiromo, and Nani, 2019). Sishuba, (2020) allude that clusters can foster innovation and create a synergistic environment where businesses can thrive.

According to Maduku and Kaseeram, (2021) collaboration in clusters is essential, as "no man is an island," even in business. SMMEs in the same sector, or even in different sectors, can collaborate through clusters to leverage opportunities that benefit all

parties (Sishuba, 2020). Nthite, and Worku, (2022) add that the benefits of forming clusters include enhanced collaboration and networking, allowing businesses to build connections and partnerships that would be challenging to achieve individually. Through clustering, SMMEs gain access to larger markets and new trading opportunities that would otherwise be inaccessible to single enterprises (Sishuba, 2020).

Additionally, Sishuba, (2020) argues that cluster-based collaborations can enable SMMEs to pool resources and meet demands beyond their capacity. If one SMME is unable to fulfil a large order, it can collaborate with other cluster members to collectively meet the demand, resulting in financial self-reliance. This cooperative model also allows clusters to access incentives, funding opportunities, and economies of scale (Saah, 2021). Kalitanyi, (2019) supported by Mokoena, (2019) assume that when SMMEs share transportation costs to purchase supplies from the same wholesaler, they can negotiate better prices, reducing costs through bulk purchasing and gaining economies of scale.

Clusters also offer SMMEs improved access to information. The collaborative nature of clusters facilitates information sharing, often through social media platforms like WhatsApp groups or Facebook, where industry insights and knowledge are readily exchanged (Vacu-Ngqila, and Ho, 2023). Bango, (2023) argues that this information flow fosters a more informed and agile business environment for SMMEs. Clusters also increase industry visibility and can promote policy advocacy, ultimately boosting business credibility and public awareness for SMMEs.

Research indicates that cluster-based models have proven successful in achieving financial self-reliance and sustainability for businesses, as seen with Somali-owned businesses, and this approach could yield similar results for SMMEs in the Mankweng area (Endris, and Kassegn, 2022). Clusters can drive policy dialogue and influence industry practices, ultimately changing the status quo for SMMEs not only in the area but also in nationally.

2.7. FACTORS THAT CONSTRAIN SMME SELF-RELIANCE

There is various research on SMMEs grappling with a range of challenges that prevent them from reaching their full potential and achieving financial self-reliance, despite government efforts to support them through various programs. Chiromo and Nani,

(2019) allude that these challenges have persisted over decades, while new ones have emerged or become more pronounced as the fourth industrial revolution (4IR) takes hold. They further add that these issues significantly limit the ability of SMMEs to manage their businesses effectively and unlock their full potential, reducing their chances of prosperity and resilience in a constantly changing business landscape. As a result, many SMMEs remain in survival mode instead of thriving and actively contributing to South Africa's broader economy (Nieuwenhuizen, 2019).

A study evaluating the National Development Plan (NDP) 2030 Vision, by Chinyamurindi, and Shava, (2019). revealed that the current support mechanisms for SMMEs are insufficient to meet their developmental needs Kalitanyi (2019). The NDP 2030 envisions SMMEs as central to South Africa's employment creation strategy, projecting that they should contribute up to 90% of new job opportunities. This ambitious target is to be achieved through enhanced public procurement opportunities, improved access to finance for start-ups, a streamlined and simplified regulatory framework, and a significant reduction in the cost of doing business.

(Saah, 2021). However, the challenges facing SMMEs persist, undermining this vision and hindering the growth and sustainability of SMMEs in South Africa.

The factors and challenges faced by SMMEs that constrain their self-reliance, survival and expansion have been well documented and gained traction throughout the years (Mukwarami and Tengah, 2017; Bhorat, Asmal, Lilenstein and van der See, 2018; Chimucheka and Mandipaka, 2015; Enaifoghe and Vesi-Magigaba, 2022; Mutyenyo and Madzivhandila, 2014). These challenges are as follows:

2.7.1. Access to finance and capital investment

Mahadea and Sogli, (2018) explain how important finance and capital investment is on the start-up and growth of SMMEs. This is because finances are required to gain the inputs, resources, and materials for the outputs of the business. Many SMMEs, the ones in the formal sector can access finance and capital from banks and other government programmes. Unfortunately, this financial access is difficult for other SMMEs in the informal sector and rural and townships because for an SMME to get a loan from the bank, the bank would require collateral security, high borrowing cost and interests (Struwig, Nuwagaba and Krüger, 2019). Furthermore, banks hesitate to lend money to SMMEs with an insufficient credit record because it presents a high risk to

creditors. This is primarily because these businesses have inadequate assets and low capitalisation. Enaifoghe, (2018) also highlights that poor accounting and financial records create challenges for banks when evaluating the creditworthiness of potential SMME borrowers (Huy and Sott, 2019). This challenge hinders on the SMMEs to achieve their full potential of growth, sustainability, and financial reliance, with very little to grow and expand. Many of the SMMEs facing challenges accessing finance and capital investments end up being unable to tap out of the survivalist mode they operate in.

2.7.2. Access to Formal Markets

For any enterprises to exist, there needs to be a market to which it supplies a particular demand. Mokoena, (2019) outlines that although SMMEs operating in informal sector seemingly have a market, they have not fully penetrated the formal market, particularly those in the retail and wholesale sector. Nieuwenhuizen, (2019) agrees and states that the reason this is the case is due to the rigorous and tedious processes enterprises need to follow before granted an opportunity to have their products or services listed. Retailers and wholesalers in the formal sector have established brand loyalty and would not want to jeopardise that by listing products or services from an SMME that is not reputable, therefore would rather focus on listing those bigger enterprises that have built a reputation for themselves (Pech and Vrchota, 2020).

Additionally, more often than not, the formal market in the retail and wholesale sector requires large volumes of goods and services for their multiple stores around the country, SMMEs would find it challenging to have the capacity to meet such demands, therefore losing out on opportunities to play in those spaces because retailers and wholesalers would not want SMMEs that are inconsistent in supplying their goods and service as this would affect them negatively (Saah, 2021).

Nthite and Worku, (2022) and Msomi and Olarewaju, (2021) emphasise that SMMEs not having access to market is spillover and consequence of other issues such as access to funding, regulation and certification of products and services, knowledge and management issues faced by the SMME, therefore assuming that should the mentioned issues be dealt with, the SMMEs would have a better opportunity of accessing domestic formal markets of supplying their goods and services to formal retailers and wholesalers.

2.7.3. Lack of Business Development Support Services to SMMEs (Mentorship)

Vacu-Ngqila, and Ho, (2023) mention that a business does not only need financial support to thrive, but it also needs non-financial support which is equally important. Mokoena, (2019) identifies that there are currently limited business support services offered to SMMEs, which is detrimental to their growth. Many SMMEs, ideally in their early stages on operation require assistance that is allow them to operate in the most efficient and effective way that would possibly lead to their success (Kalitanyi, (2019). Sishuba, (2020) emphasises on how imperative it is for SMMEs to have mentors who operate in the same industry and are doing well, so that they can learn the rules of the game from those who have succeeded. Although there are some facilitators who offer such assistance to SMMEs, they charge a consultation fee for assisting SMMEs in filling and submitting different documents required. Moreover, Nieuwenhuizen, (2019) argues that even though DSBD through SEDA offers non-financial support, some of the programmes are not fit for purpose for those SMMEs in the informal or rural areas as they do not reach the intended beneficiaries or cater to their specific needs.

Research highlights that SMMEs require non-financial support like marketing advise so that their products and services are known by a wider audience, which would potentially lead to customers. Vacu-Ngqila, and Ho, (2023) allude that many SMMEs are blind to the new digital marketing era which has the potential to reach customers wide and far, SMMEs need to be catechised of this by means of business development support. However, it remains the responsibility of SMMEs to constantly research as some of these programmes are offered by government, although still having to deal with the issue of them meeting the requirements (Bango, 2023). Business development support plays a crucial role in SMMEs because there can be a brilliant business model the SMME follows, but without the proper support, it will continue being at a survival phase while having the potential to be excellent.

Sishuba, (2020) states that one manner to deal with the Business Development Support services to SMMEs is the establishment of a “One stop shop” approach since there are significant costs and frustrations involved in making numerous applications or being asked repeatedly for the same information. SMMEs want to have a single-entry point into the support system offered by government, where all their needs are satisfied (Msomi, and Olarewaju, 2021). Msomi, and Olarewaju, (2021) identifies this, however, requires education of personnel in customer-facing entities, rationalisation,

and alignment of processes; systems developed to ease the administrative burdens placed on SMMEs administrative burdens placed on small enterprises, and interoperability of systems in the ecosystem of stakeholders.

2.7.4. Inadequate Education, Training and Managerial Capabilities

Scholars such as Kunaka and Moos, (2019) and Enaifoghe and Vesi-Magigaba, (2022) argue that the availability of financial muscle does not necessarily ensure a business's success, rather, a combination of intellectual capital, education and training are also a prerequisite for business profitability and success. Owners of different SMMEs in informal sectors, rural townships, and townships appear to possess insufficient expertise and competencies in fields like financial record-keeping, cash management, cash projection, short-term utilisation of excess funds, financial oversight, reporting, and debt administration. These skills are essential for effectively running and managing their businesses. Unfortunately, Huy and Sott, (2019) argue that these shortfalls lead to flawed business processes, poor-quality products and services and unclear business strategies for keeping businesses focused on growth objectives.

Additionally, Struwig, Nuwagaba and Krüger, (2019) add that many SMMEs do not have the capacity to conduct research that would assist in understanding how they can expand their businesses, resulting in minimum innovation and stagnancy in their businesses, therefore leading to them facing strong competition because they normally sell similar or related products which would be fixed by education and training (Yusuf, 2022).

2.7.5. Limiting policy, regulation and bureaucracy

According to Bhorat et al., (2018), the South African government has many regulations and policies which are aimed at providing non- financial and financial support to SMMEs. However, there are pre-requisites and terms and conditions that are attached to them. Huy and Sott, (2019) argue that the reason for government to have rigid and strict policies and regulations is for them to invest in SMMEs that have potential to reinvest back into the economy by means of job creation, tax paying, which would lead to government getting value for the support offered to the SMMEs.

Many micro and informal SMMEs are discouraged by the legal and regulatory system as they involve complex business permits and registration, licensing requirements,

administrative and expensive reporting practices which are costly and time consuming on the entrepreneurial activities (Struwig, Nuwagaba and Krüger, 2019). Enaifoghe, (2018) adds that since the majority of the SMME owners in rural and township are not formally educated, they may often not understand the laws, which leads to them paying penalties and fines. Therefore, they would rather not bother officialising their businesses which leads to them not benefitting from available government programmes or even being eligible for obtaining loans from the major banks.

Moreover, Saah, (2021) and Nthite and Worku, (2022) explain that the requirements for registering with and reporting information to state agencies are at the heart of what's often described as "red tape." Nieuwenhuizen, (2019) adds that these requirements stem from numerous laws and regulations because the state has a vested interest in identifying relevant businesses and gathering information about them. This information is used to:

- Determine legal status and liability in contracts;
- Levy taxes and rates;
- Provide targeted infrastructure and other services to businesses, and ensure payment for these services; and
- Ensure compliance with standards related to the environment, labour, and consumer safety, aiming to internalize externalities for businesses.

Tate and Bals, (2018) have noted that small businesses often find the Annual Returns required by the CIPC to be burdensome because they lack a fixed deadline. Instead, the returns must be filed on the anniversary of a company's original registration Nthite, and Worku, (2022). They also contain information already covered in tax returns, and missing deadlines can lead to deregistration.

Vacu-Ngqila and Ho, (2023). Msomi and Olarewaju, (2021) point out that regulatory and policy requirements from the Companies Act and the Cooperatives Development Act, administered by the CIPC under the Department of Trade and Industry (DTI), tax legislation overseen by the SARS, and labour registration managed by the Department of Labour and its agencies, are among the many regulations SMMEs must comply with. Given the complex nature of these requirements, some SMMEs opt to remain informal to avoid the cumbersome regulatory process (Bango, 2023). This allows them to continue operating, albeit at a smaller and less formal scale.

2.8 THEORETICAL FRAMEWORK

2.8.1. Theoretical Framework: The Resource-based Entrepreneurship Theory

The Resource-based Entrepreneurship Theory (RBET) outlines a framework which links elements of the Resource-Based View (RBV) and Entrepreneurship Theory (ET) (Burvill, Jones-Evans & Rowlands, 2018). Tate and Bals, (2018) allude that the RBET proposes that the competitive advantage of the firm and entrepreneurial success is primarily determined by the resources it possesses. These resources encompass both tangible assets, such as financial capital and technological infrastructure, and intangible assets, including human capital, entrepreneurial skills, and brand reputation. (Ahmed, Khuwaja, Brohi, Othman & Bin, 2018). Meyskens, Nason and Wiklund, (2018) explain that this theory accentuates the strategic identification, acquisition, development, and deployment of these resources to produce and sustain a competitive advantage in the entrepreneurial setting.

RBET is characterised by the importance of resource heterogeneity, suggesting that firms need to have distinctive resources that are valuable, rare, and difficult to imitate to achieve a competitive advantage (Burvill et al., 2018). Additionally, RBET stresses resource complementarity, where the combination of resources within an entrepreneurial venture ought to enhance their complete effectiveness. Finally, RBET urges resource flexibility, by acknowledging that entrepreneurs should adjust their resource configurations to evolving market conditions and business environments (Tate & Bals, 2018).

According to Kellermanns et al., (2016), RBET, in its application guides entrepreneurs to assess their resource capabilities, identify resource gaps and devise strategies to leverage their exceptional resources for entrepreneurial success. Meyskens, Nason and Wiklund, (2018) assert that RBET focuses on the tangible and intangible assets that foster competitive advantage. Some of its strengths include its capability to advise resource allocation decisions, as well as its relevance in guiding entrepreneurs in resource-constrained environments (Ahmed et al., 2018). However, Tate and Bals, (2018) note that RBET disadvantages stem from the fact that they include potential oversimplification of entrepreneurial success through focused exclusively on resources while overlooking external environmental factors, and the challenge of evaluating the dynamic nature of resources in swiftly changing industries is also

highlighted as a disadvantage. Additionally, critics such as Nason and Wiklund, (2018) and Burvill et al., (2018) argue that the role of entrepreneurship skills and the timing of resource deployment in determining entrepreneurial results is not accounted for.

2.9. CONCLUSION

This chapter provided a comprehensive discussion on the factors that facilitate and those that hinder the financial self-reliance of SMMEs in the Mankweng Area, South Africa. Divided into two sections, the chapter first explored the notion of self-reliance and informal businesses then identified the factors that enhance the financial self-reliance of SMMEs, followed by an exploration of the hindering factors that impact their financial independence both globally and within South Africa.

It is widely acknowledged in research that SMMEs are crucial to a nation's development. Promoting and fostering this sector is essential to unlocking its full potential. As agents of change, it is imperative for the government to tailor their support programs specifically to informal SMMEs to boost the local economies in which they operate. Accordingly, the first section of this chapter delved into government support and interventions for SMMEs in South Africa. The second section investigated the significant economic contributions made by these SMMEs, highlighting their role in driving economic growth and development despite the challenges they face.

The following chapter shifts focus to the research methodology. It covers the research design, the study area, the type of data required, the unit of analysis, the target population, the sampling design, data collection methods, and data analysis procedures. It is also discussed the measures of trustworthiness of the concepts used, as well as the data collection and analysis methods. Finally, the chapter addresses the limitations of the study, and the ethical considerations involved.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. INTRODUCTION

This chapter offers a comprehensive summary of the methodological approaches employed in this study. It covers the research design, a description of the study location, the target population, the type of data needed, and the unit of analysis. Additionally, it outlines the sampling strategy, data collection methods, and data analysis procedures. The chapter also examines the measures of trustworthiness of the concepts, as well as the data collection and analysis methods used. Finally, it discusses the study's limitations and ethical considerations. The term "research methodology" encompasses the strategies and techniques utilized to implement a research plan. This involves the tools for gathering data and the processes for analysing it, which a researcher employs in conducting a study. Neumann, (2020) highlights that the validity of research findings hinges on the quality of the data collection and analysis techniques selected to address the research questions and fulfil its objectives.

3.2. RESEARCH DESIGN

Pandey and Pandey, (2021) define research design as a combination of decisions that relates to what is to be investigated, which population, utilising which research methods and for what purpose. This research adopted an interpretivist research philosophy as it attempted to go in-depth and seek understanding of the different factors that depend on the context of the situation, which are multifaceted and affect human behaviour (Alharahsheh & Pius, 2020).

The research design which was utilised in the study is a cross-sectional qualitative design. Mohajan, (2018) defines qualitative research design as being employed to provide clarity on the multifaceted nature of a phenomenon, for the purpose of describing and interpreting the phenomena from the participant's statements. Information was documented in descriptive textual reports with minimal or no categorisation. This documentation includes participants' responses to semi-structured interview questions and observations, as well as notes taken during these

interactions (Nayak & Singh, 2021). The researcher's objective was to explore the factors influencing the financial self-reliance of SMMEs in the Mankweng area, Limpopo Province.

3.2.1. Study Area

The study was conducted in Mankweng area, also known as Turfloop which is situated in the Capricorn District Municipality within South Africa's Limpopo Province. Mankweng is located approximately 27 km east of Polokwane along the R71 road leading to Moria and Tzaneen. It covers the area of approximately 11.97 km² and has a population of 33,738 (StatsSA, 2011).

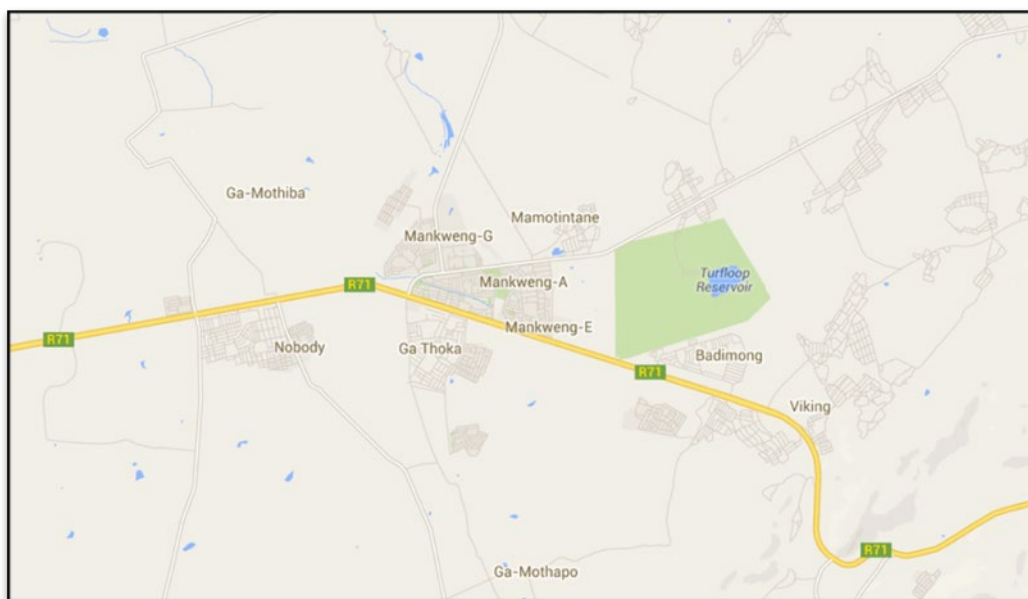


Figure 3.1: Mankweng Map

Source: Google maps, (2023)

The Mankweng area is home to the University of Limpopo which contributes to facilitating the emergence of numerous small businesses in the area. These businesses serve not only the local community, but also the university's students and staff.

3.2.2. Target Population

The term target population refers to a set of components that the researcher focuses on and from which data are collected. A population, on the other hand, consists of a group of units that encompass all the measurements of interest to the researcher (Mohajan, 2018). It represents the complete collection of units about which the researcher intends to draw conclusions (Pandey & Pandey, 2021).

For the purposes of this study, the target population comprises owner-managers of SMMEs operating within the Mankweng area. These owner-managers are individuals who have either founded or own the business and typically perform dual roles as both managers and workers. The SMMEs under investigation include a diverse range of informal and semi-formal business types, such as shoemakers, general dealers, restaurants, spaza shops, mini-bus taxi operators, hair salons, dressmakers, taverns, vehicle repair workshops, metalworking shops, and hawkers. It is important to acknowledge that, due to the informal nature of many of these enterprises and their lack of formal registration, accurately determining the total size of the population presents a significant challenge.

3.2.3. Sampling and Sampling Size

According to Nayak and Singh (2021), a sample serves as a representation of the broader population under investigation and is expected to exhibit similar characteristics. In this study, non-probability sampling was employed to identify and select participants. Specifically, the study utilized purposive sampling, a technique commonly used in qualitative research. Purposive sampling involves the deliberate selection of participants based on predefined criteria that align with the research objectives and the characteristics of the population being studied. This approach ensures that the selected participants possess the relevant knowledge, experience, or attributes necessary to provide meaningful insights into the research problem. (Creswell & Poth, 2017).

Purposive sampling was chosen to intentionally select participants who possess the information, experiences, perspectives, or characteristics which are most relevant to the research questions or objectives with the intention to gather in-depth and detailed insights from individuals who are well-informed about the phenomenon under investigation. The study sampled SMMEs, until saturation was reached, operating in Mankweng area who are seemingly financially self-reliant, who are not getting any non- financial and financial support from the public or private sector and have been in operation for at least five years.

3.2.4. Method of Data Collection

Data collection entails the collection of pertinent information aimed at addressing the research questions (Grove, 2019). In this study, data was gathered through semi-

structured interviews, observation, and documentation methods. These approaches are employed to attain a comprehensive understanding and knowledge of the themes being investigated. Semi-structured interview sessions were arranged with the participants after scheduling appointments and obtaining their consent for study participation.

3.2.5. Data Analysis

Data analysis is the process of bringing order, structure and meaning to the volume of collected data (Nayak & Singh, 2021). The data obtained from semi-structured interviews served as the basis for analysis. Thematic analysis was utilised to analyse the data, with themes being linked in accordance with the study's objectives. Subsequently, these themes were compiled, interpreted, and used to create a comprehensive report (Cassel & Bishop, 2019).

The study collected data about the number of employees the SMME employed initially compared to how many employees they have at the time of the data collection as well as their dependents and their conditions of living.

Step 1: Become familiar with the data

The initial step involved the researcher thoroughly reading and re-reading the transcripts and completed questionnaires to generate preliminary notes and capture initial impressions.

Step 2: Generate initial codes

In the second step, the researcher began to organise the data systematically through a coding process, with the aim of reducing the information into manageable and meaningful categories that facilitate interpretation and analysis.

Step 3: Search for themes

In the third step, the researcher examined the codes to see how they clearly fit together into a theme. By the end of the step the codes have been organised into broader themes that relate to something specific about the research questions

The researcher further read through the data to identify themes that relate to the first research objective that relates understanding what has helped the SMMEs not to rely on government support and intervention then focusing on the second objective which relates to understanding the challenges SMMEs were faced with in relation to access

to government support and intervention as well as finding out how many people are employed by the SMMEs with hopes to discover the contribution of such SMMEs.

Step 4: Review themes

During the fourth step, the researcher reviewed, refined, and further developed the preliminary themes identified in the previous phase to ensure coherence and relevance. At this stage, it was essential to collate all data segments pertinent to each theme, allowing for a more comprehensive and accurate interpretation of the findings.

Step 5: Define themes

In the fifth step, the researcher further refined and defined the themes, with the primary objective of identifying the core and underlying meaning of each theme in relation to the research questions and objectives.

3.3. MEASURES OF TRUSTWORTHINESS

Trustworthiness in a research study is established through the researcher's conduct and the effectiveness of the research methods employed (Cypress, 2018). A dependable research study is marked by its assurance, consistency, resilience, self-consistency over time, predictability, and its capacity to exhibit reliability, credibility, confirmability, and transferability.

3.3.1. Dependability

According to Norman, Stahl, James, and King, (2020), Dependability refers to the aspect of "trust" within the broader concept of trustworthiness in qualitative research. It reflects the stability and consistency of the research process over time. Dependability is established when the researcher and participants collaboratively build trust through their shared engagement with the unfolding events and experiences during the study. In this study, the researcher had regular debriefing with the supervisor to reflect on whether they are still on the right track with their data collection and interpretation.

3.3.2. Credibility

Credibility refers to the level to which the research study results precisely reflect and match reality or an actual situation (Stahl & King, 2020). Norman et al., (2020) further state that credibility indicates the extent to which the study's conclusions are reliable

for the participants and the researcher. In this study, the researcher had back and forth engagements with the participants to ensure the study findings are recognised as a true approximation of their experiences with the factors being investigated, through extensive talks and observations.

3.3.3. Confirmability

Confirmability relates to the ability of a research study to systematically follow the route or tracks of the work of other researchers (Cypress, 2018). In this study, confirmability is achieved through the researcher extensively reading literature of other scholars who have conducted research on the concepts and factors of this research. The researcher is strived to employ similar data collection tools and analysis methods used by other researchers to arrive at the findings of the study. Additionally, for other researchers to understand how the current study was undertaken there is thick description of the method followed as well as the challenges that transpired during the research.

3.3.4. Transferability

According to Norman et al., (2020), transferability denotes the possibility to adapt the study's results to other groups or studies, it further involves conducting research and assessing how distinct the results fit into a different environment (Stahl & King, 2020). In this study, transferability was achieved again through thick description of the processes that unfolded in the current researcher in case other researchers are interested in undertaking similar studies.

3.4. ETHICAL CONSIDERATIONS

Bhandari, (2022) defines ethics as established moral values put forth by individuals or groups that enjoy widespread acceptance. They provide guidelines and ethical standards that outline the rules and behavioural expectations for conducting research, particularly regarding the appropriate and respectful treatment of experimental subjects, respondents, and participants. Consequently, this study adhered to traditional research ethics in the following manner:

3.4.1. Ethical clearance

Prior to conducting the research and collecting data, the researcher obtained ethical clearance from the Turfloop Research Ethics Committee (TREC) at the University of Limpopo.

3.4.2. Permission to conduct the study

The study sought permission from the municipality before collecting data from the participants. Van der Waldt, (2020) highlights that seeking permission prior conducting a research study is critical to uphold ethical standards, respect participants' autonomy, and to also guarantee compliance with legal and institutional guidelines.

3.4.3. Informed consent and voluntary participation

Bhandari, (2022) emphasizes that a fundamental principle of research ethics is that participation must be voluntary, with participants providing informed consent. Mooradian, (2018) defines informed consent as the process of obtaining permission and agreement from participants prior to their involvement in a study. In this research, participants were fully informed about the nature and purpose of the study, and it was clearly communicated that their participation was entirely voluntary and without any form of remuneration. Informed consent was secured before any data collection commenced. Furthermore, participants were explicitly made aware that they could withdraw from the study at any point without any negative consequences or penalties. Furthermore, the research guide, and consent form was translated to one of the local languages in Mankweng area, which is Sepedi/ Northern-Sotho.

3.4.4. Anonymity

Anonymity refers to the exercise where the identities of the research participants are protected to ensure their privacy and confidentiality (Van der Waldt, 2020). Anonymity is imperative for forming a safe environment which encourages participants to share their honest and unfiltered experiences without fear of consequences (Kukutai, & Cormack 2019). The researcher removed or disguise any information that could potentially identify individual participants. Additionally, should the research be published, the names of the participants are not disclosed at any point.

3.4.5. Confidentiality

Confidentiality refers to the ethical and legal standard of maintaining sensitive information as private and safeguarded from unauthorised access or disclosure

(Davies, 2020). The participants' information from the interviews was kept private and not shared with anyone else without their consent. The rights to privacy of the participants be maintained throughout the study by asking solely questions relevant to the aims and objectives of the study. To further ensure confidentiality, the collected information was kept in a password protected document.

3.4.6. No harm to participants

Albert et al., (2021) argues that granting that physical injury may be entirely ruled out, emotional harm is predominantly leading in social research. Emotional and psychological harm entail adverse impacts on an individual's mental health and emotional state (Mooradian, 2018). Therefore, the researcher ensured that participants' safety was prioritised and reduced the risk of any form of harm. Participants were assured that they are not exposed to any physical or emotional danger or harm throughout the study. Questions relating to reasons how and/or why the SMME owners started their businesses may evoke emotional and psychological triggers and reactions. Therefore, these questions were asked with respect and the required sensitivity. In addition, anonymity and confidentiality was always adhered to.

3.4.7. Respect and dignity

According to Van der Waldt, (2020), respect is the acknowledgment and consideration of another's value and rights, while dignity is the inherent worth and honour every individual possesses. The researcher informed the participants that the study and findings are only for academic purposes. Throughout the research process, the researcher treated all participants with respect and dignity. Sensitive questions were asked with care and respect.

3.4.8. Record keeping and Final Reporting

Record-keeping is the practice of storing data or notes after they have been published which involves the meticulous recording, clear documentation, and effective management of records during and after research activities (Mooradian, 2018). The researcher ensured that participants' information was always kept safe, and data collected was reported with honesty and integrity. The final report was made available to interested stakeholders.

3.5. STUDY LIMITATIONS

The results of the study cannot be generalisable because of the qualitative nature, which means that only a few people are to be interviewed. Additionally, the study was only done in the Mankweng area. However, the conclusions and results of the study may be used as a guide for future similar research.

3.6. CONCLUSION

This chapter primarily discussed the selection of the methodology for conducting this study. This research adopted an interpretivist research philosophy; they also considered a cross-sectional qualitative design. The applied methods and approaches of qualitative paradigm. This chapter concentrated on describing the research design, the study's location, the type of data needed and the unit of analysis, the target population, the sampling strategy, the data collection techniques, and the data analysis methods. It also covered the measures of trustworthiness of the concepts used, as well as the data collection and analysis methods. Finally, the chapter included a discussion on the study's limitations and ethical considerations.

CHAPTER FOUR

RESULTS OF THE STUDY

4.1. INTRODUCTION

This chapter presents the results of the study, focusing on the analysis of data collected from participant interviews. The analysis was conducted by identifying common themes from the participants' descriptions of their experiences. The research findings will be displayed in tables, particularly for biographical information, and discussed narratively based on the identified themes.

During data collection, the researcher introduced herself, thoroughly explained the purpose of the study and the interview and emphasized the importance of voluntary participation. Participants were asked for their consent to participate in the study and to have the interviews recorded. They were also assured of confidentiality and anonymity.

As stated in chapter one, this research examined the factors affecting the financial self-reliance and economic contribution of informal SMMEs in Mankweng area, Limpopo Province, South Africa. The results are presented in alignment with the research objectives outlined in chapter one, beginning with the participants' biographical information.

4.2 BIOGRAPHICAL INFORMATION OF THE PARTICIPANTS

This section provides the findings on the participants' biographical and demographic details, covering age, race, educational background, gender, business category and years of experience. This information is crucial as it directly or indirectly influences the type of business they run and its impact on their economic and financial self-reliance. The total number of participants who were interviewed for the study was 12, all of them black. Literature has noted that Africans constitute a large proportion of individuals engaged in SMMEs in township areas of South Africa, particularly within the emerging SMMEs sector in the informal economy (Chinyamurindi & Shava 2019). This is because unemployment and poverty are high in those places. As a result, individuals resort to starting small businesses as a response to these challenges, while

established enterprises are usually owned by most non-Africans and concentrated in urban suburbs.

Table 4.1: Table of Participants Biographical Information

Participant	Gender	Age	Number of years in business	Educational level	Business Type/Category
P1	Female	23-34 Years	0-05 Years	Matric	Personal & Household services
P2	Female	23-34 Years	5-10 Years	Less than matric	Food and Beverage
P3	Male	between 55-64	10 Years and above	Matric	Accommodation and rental
P4	Male	23-34 Years	0-05 Years	Tertiary (Degree)	Others (Internet Café)
P5	Female	35-44	05-10 Years	Post matric certificate	Food and Beverage
P6	Male	35-44	0-05 Years	Matric	Food and Beverage
P7	Male	45-54	10 Years and above	Less than matric	Personal & Household services
P8	Female	35-44	0-05 Years	Post matric certificate	Accommodation and rental
P9	Female	23-34 Years	05-10 Years	Matric	Personal & Household services

P10	Female	23-34 Years	0-05 Years	Tertiary (master's degree)	Tutoring services
P11	Male	23-34 Years	0-05 Years	Post matric certificate	Food and Beverage
P12	Female	45-54	05-10 Years	Matric	Food and Beverage
Total	12/100%	12/100%	12/100%	12/100%	12/100%

Table 4.2. Profiles of SMMEs/Participants in the Study

Profile Category	Key Findings
Business Types	Majority in retail trade (spaza shops, tuckshops, street vending); others in personal services (salons, barber shops, tailoring) and hospitality/food (takeaways, catering).
Ownership Demographics	Mostly owner-managed; significant proportion of women; generally low levels of formal education, with many only having completed secondary schooling.
Business Size & Employment	Predominantly micro-enterprises employing 1–3 people, often family members; very few employ more than 5 workers.
Years in Operation	Some businesses recently established (less than 3 years) as a response to unemployment; others operating for over 5–10 years, showing resilience despite limited growth.
Financial Practices	Start-up capital mainly from personal savings and family contributions; very limited access to formal finance; financial management is informal with minimal record-keeping or reinvestment strategies.

Profile Category	Key Findings
Challenges & Survival Strategies	Challenges include lack of capital, limited access to markets, and poor infrastructure. Survival strategies include self-reliance, flexible pricing, informal credit with suppliers, and using profits for household needs.

4.2.1. Gender Composition of SMMEs Owners

The study reveals that female-owned SMMEs outnumber those owned by males. This can be attributable to the types of businesses examined, which are predominantly in the food and beverage sector, a sector traditionally associated with women and often characterized by smaller-scale operations. This finding aligns with broader research on gender-based SMME ownership in South Africa, reflecting a common pattern in African contexts where women frequently dominate entrepreneurial activities in the food and beverage sector, one that is culturally viewed as more feminine compared to others typically led by men (Bvuma & Marnewick, 2020). Figure 4.1 below demonstrates the gender composition of the participants.

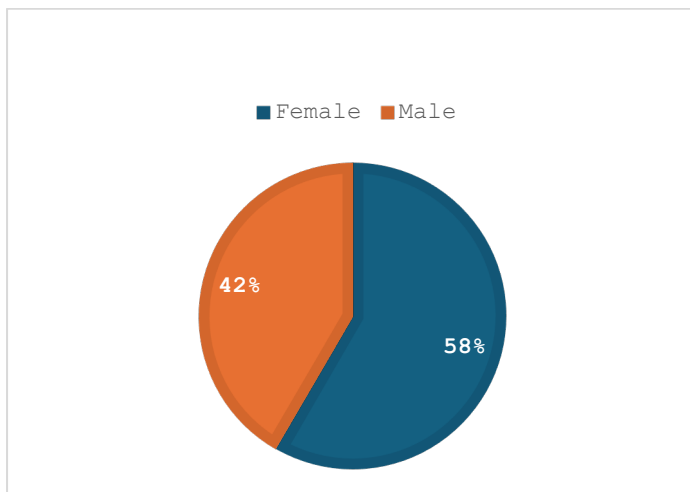


Figure 4.1. Gender composition of SMMEs ownership

Figure 4.1 above indicates the proportion of gender of the enterprise ownership and management surveyed in Mankweng area. Seven (07), which is 58% of the respondents surveyed are females and five (05), which is 42% are males.

4.2.2. Age composition of the Participants

Figure 4.2 below shows the age distribution of owners/managers of SMMEs in Mankweng Area.

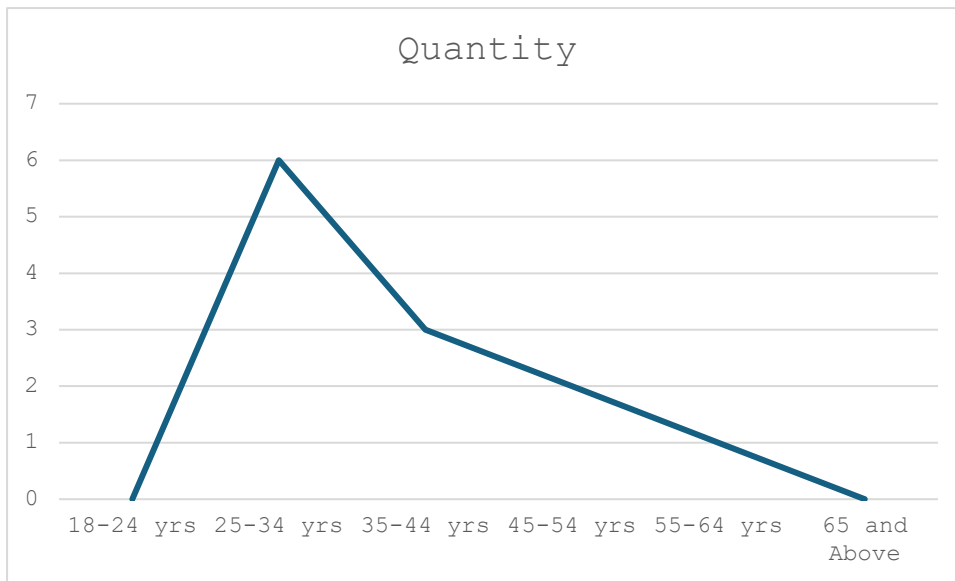


Figure 4.2: Age composition of SMMEs ownership

The data on entrepreneurs' ages indicates that the majority of SMMEs are likely owned or managed by younger individuals, as opposed to older age groups. This high level of activity among the younger generation may be attributed to various factors, including the persistently high unemployment rate, which stood at 45.3% in the second quarter of 2024 (StatsSA, 2024 Q2 report). Consequently, individuals aged between 25 and 34 often turn to SMME activities as a means of generating income. In the current study, as presented in figure 4.3, six (06), 50% of the participants were in the 23 to 34 age range, three (03) 25% between the ages of 35-44, two (02) 16.67% between the ages of 45-54, and only one (01) 8.33% were between the ages of 55-64 years.

4.2.3. Number of years in business for the SMMEs

The results of the study, as illustrated in Figure 4.3 show that the number of years the SMMEs in the study have been in operation. Out of the 12 profiled businesses, six, 50% have been operating between 0-5 years, while four, 33.33% have been operating between 5-10 years, with only two 16.67% businesses have been operating for 10 years and above. It can therefore be drawn to an assumption that the businesses operating in the Mankweng area are relatively young businesses that are still trying to find their feet.

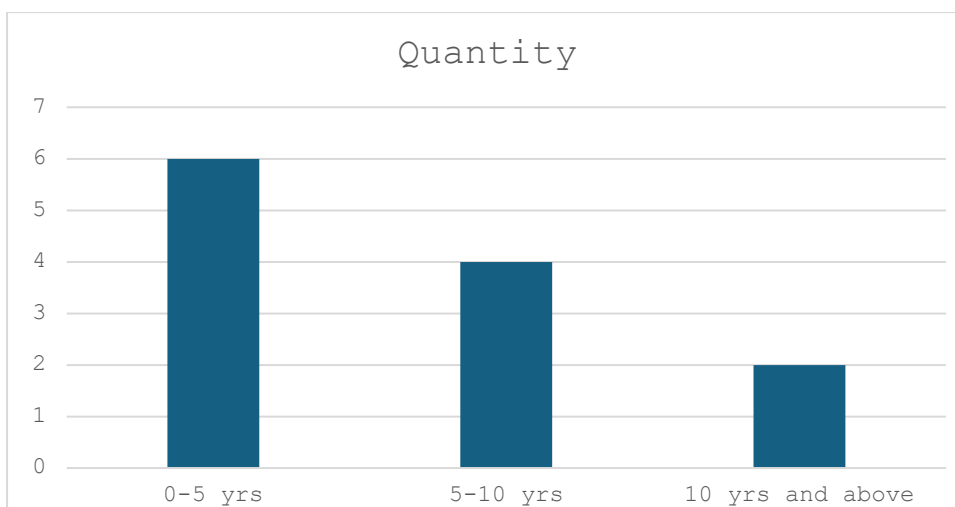


Figure 4.3. Number of years in business for the SMMEs

4.2.4. Educational status of the Participants

Figure 4.4 shows that a significant portion of the participants, 5 out of 12 (42%), hold a matric certificate. Additionally, 2 of the 12 participants (17%) have less than a matric qualification, which reduces their chances of securing formal employment. One participant a degree/diploma qualification while another has a Postgraduate (Masters) degree and three have a post matric certificate. The participant with a master's qualification offers tutoring services and other educational support, while another the one with a degree in IT runs an internet café, both catering to university students and the public.

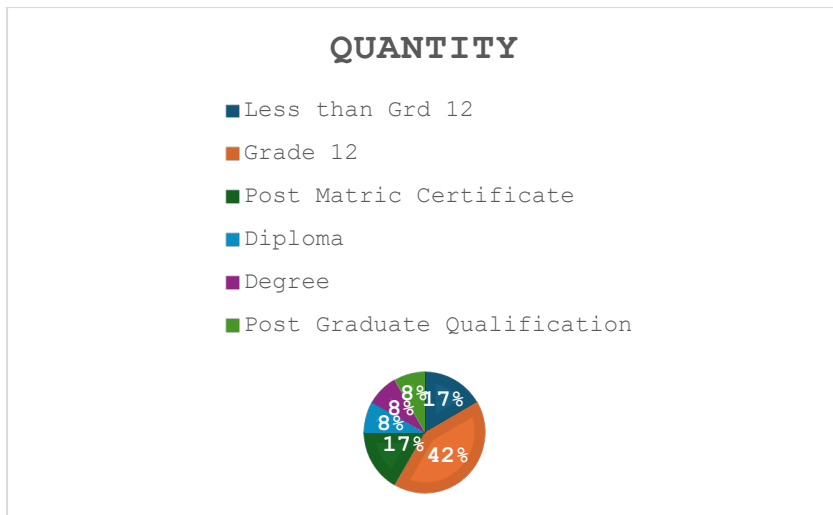


Figure 4.4: Educational status of owners/managers of SMMEs

4.2.5. Type of Business the Participants were running

The type of businesses the participants in the study were engaged in are presented in figure 4.5 underneath.

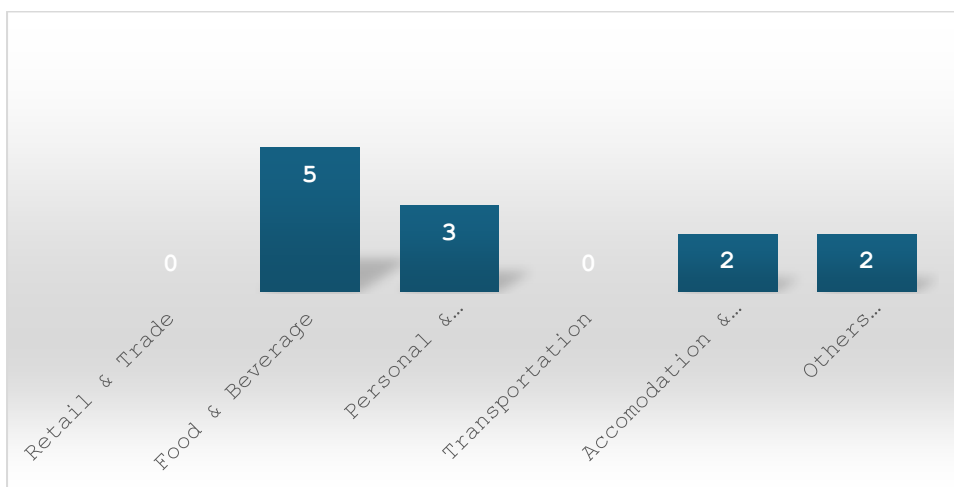


Figure 4.5: Category composition of the SMMEs

Figure 4.5 highlights that out of the 12 participants, 5 (41.67%) are engaged in the food and beverage sector, followed by 3 (25%) in the personal and household services sector, both of which are owned by women. Meanwhile, 2 (16.67%) of the participants are involved in the accommodation and rental sector, and another 2 (16.67%) operate within the tutoring and technological sector.

4.3 RESULTS FROM THE INTERVIEWS

This section presents the results of the study following interviews that were conducted with the participants. The results are presented in line with the study objectives as stated in chapter one of this study. However, the presentation starts with the reasons the participants started their businesses in the first place. The reason for it was that it was imperative for the researcher to delve into the participants' motivations for starting their businesses and to uncover what inspired and drove them to pursue entrepreneurship. This understanding is pivotal, as without these businesses, there would be no need for this investigation to begin with. Moreover, identifying the motivations behind these ventures naturally leads into the exploration of subsequent themes, such as facilitating factors, constraints, economic impacts, and ultimately, providing strategic recommendations for enhancing the financial self-reliance of informal SMMEs discussed in this project. Additionally, it was important to first find out sources of funding before delving into whether these can promote self-reliance or not. Therefore, the presentation in this section starts with reasons for participants to enter business, followed by their sources of funding, and by the themes that are in line with the stated research objectives.

4.3.1 Motivation for starting the Business

The following themes were identified from the responses to the question about what motivated them to start their businesses.

4.3.1.1. Need to be economically active

The findings of this study indicate that the need to be economically active drove participants to initiate their business ventures, with reasons such as lack of formal employment, the need to supplement income and the pursuit of financial independence. According to Jafari-Sadeghi, (2020), economic necessity is defined as a motivation for starting a business refers to individuals being compelled to start a business due to a lack of employment opportunities or financial pressures, often as a means of survival rather than pursuing a market opportunity. P1 captured this by saying: *“since finishing my matric, I have never been formally employed, I have always been into business, although some have failed along the way, there are some that have succeeded”*.

While P4 and P10 explained that after completing their tertiary education, they were unemployed for a significant period, which ultimately led to them finding ways to use the skills and knowledge acquired from university to start businesses. Since the two participants are relatively young, it is possible that should an employment opportunity arise, they might take it while continuing with their business ventures to supplement their income and ultimately leading to financial independence or completely leaving their businesses. However, as things stand, for majority participants, their business ventures are their only option of getting an income, meaning they will try their utmost best in ensuring that it succeeds as there are no alternatives for them, this finding is like what was discovered by Peng, H. and Walid, (2022).

P4 explained, *“I graduated for my degree in 2019, have been applying for formal employment for years with no success, I then decided to use my computer science educational background to start my internet café to get income. “*

The consensus among participants is that unemployment continues to be a significant challenge for many individuals living in rural areas and peri-urban areas. As a result, some people start informal businesses to meet their basic needs, support their families, and supplement grant money received by family members, with the hope of better fulfilling their essential needs. Moodley, (2022) echoes this perspective, highlighting that poor living conditions in rural and peri-urban areas are exacerbated by widespread unemployment, forcing people to seek alternative sources of income.

4.3.1.2. Identified opportunity and market demand

The study findings suggested that many businesses were established in response to local community demand and need. This need has enabled them to not only launch their businesses but also remain sustainable and self-reliant over the years they have been in operation. Without these needs and demands, these businesses would not have a reason to exist, highlighting the relationship between local demand, market gaps, and the continued operation of these businesses.

P3 explained that *“the university of Limpopo does not have capacity to accommodate all registered students, as such, this has led homeowners like me who live nearby to build rooms for those students who could not be accommodated on campus, providing them with suitable and affordable places to live, which is just a walking distance to the university”*. These findings align with the results reported by a study by Yusuf (2022),

highlighting the growing demand for “off campus” student accommodation due to limited capacity of tertiary institutions and the provision of NSFAS allowance for “off campus” accommodation.

Another key finding of the study highlighted the opportunity to tap into a market with significant demand, particularly among students staying in the area. One participant stated that in the Mankweng area, where a university is located, there is a noticeable gap in tutoring and providing educational support to both high school and university students. This P10, who was an unemployed masters’ degree graduate *at the time of the interview*, shared her insights on this. She explained that *“Many university students struggle with the content they are taught. Although support is available, they often prefer to seek help from someone neutral, outside the university, who can aid and offer a different perspective. This approach helps them understand the material more quickly. Additionally, students often face challenges with research and are hesitant to consult with lecturers, fearing it might lead to more confusion and frustration. This is where my services as a tutor come in. As someone who has completed similar work and is closer to their age, they feel more comfortable with me, which in turn leads to improvements in their academic performance. I identified a gap in the market and decided to fill it.”*

The study's findings clearly illustrate the dynamics of demand and supply, particularly in the context of university students. The researcher noted how the participants capitalize on the demanding and hectic schedules of students, who are often overwhelmed with classes, assignments, and other educational activities, leaving them with little time to prepare meals. Businesses in the food sector step in to fill this gap by offering fast food services at affordable prices. P2 emphasized this point by stating that, *“Fast food is in high demand among university students because they are always busy and don’t have time for cooking or meal preparation. They are constantly in a hurry, and most of them have the financial means, through NSFAS, to buy food. This is where I step in to meet their nutritional needs.”*

The participants’ narratives suggest that they are aware of the issues that are at play in their communities and have been able to take advantage of them and position themselves as being the solutions to the identified challenges/problems and gap in the market. This has therefore allowed them to be sustainable over the years and

subsequently be financially self-reliant while also highlighting the necessity of such businesses to be flexible and be able to change as and when the market requires.

4.3.2 Sources of Funding

The findings revealed that most businesses were started using personal savings. This could have been due to business owners' inability to access formal financial assistance from institutions like banks, likely because they lacked collateral, or from government programmes due to stringent requirements. Some participants mentioned that they obtained funds from loan sharks to purchase stock and launch their businesses. Kamutiba, (2020) defines loan shark as an informal lender who provides high-interest, short-term loans, often targeting financially vulnerable individuals. Despite the illegal nature of loan shark operations, they appear to be common in rural areas, filling the gap left by formal financial institutions and government support.

P7 explained, "There was a shack for sale where I could set up a hair-cutting business, but I didn't have the money at the time. So, I borrowed money from a machonisa (loan shark) to buy it and start my business. I've been in business for the past six years."

Another common source of funding was from family members, with some business owners receiving financial support from their husbands or other relatives. It is noteworthy that this type of funding is not sustainable as it is not reliable and always guaranteed and limits the growth, sustainability and financial self-reliance of SMMEs. This was evident in the statements of P5 who said, *"My husband helped me with the money to start my business since I couldn't get a loan from the bank."* Among the participants interviewed, only one (P8) had previously been formally employed. This participant explained that *"I quit my job and used the money to build student accommodation."*

4.3.3 Factors That Facilitate the Financial Self-Reliance of the Participants

This section will present the results on the facilitating factors for informal SMME financial self-reliance, in line with the first objective of the study. The following themes were identified following interviews with the participants.

1) Sub-theme one: low operational costs

The participants in the current study described how they sustain their businesses by keeping operational costs minimal and leveraging local resources. This approach

enables them to use the profits from their businesses to cover basic needs and support their families. For instance, P2 stated that *"I am fortunate that I am naturally a great cook, which required very little skill and knowledge to start my chesanyama business, I also employ the locals, even though the employee turnover rate tends to be a lot, it's easy to replace them."*

A study by Munyanyi, Munongo and Pooe, (2021) also emphasizes how SMMEs effectively utilize the resources available to them, resulting in reduced operational costs. The findings align with this idea.

Other P9 and P7 also emphasize that they capitalize on their skills, particularly their ability to work with their hands. They have leveraged these skills by opening beauty salons near the university's main gate, understanding that students desire to look good at affordable prices. They use their expertise and the fact that beauty salons are relatively inexpensive to operate, especially when sharing rent. Their operational costs are minimal, limited to expenses like electricity and the products they use. These sentiments are echoed by most participants. For example, P10 shared that the Internet of things has been instrumental in helping her start her tutoring business. She mentioned that *"All I need is a good internet connection. I work from home and have virtual meetings with my clients, where we discuss and exchange knowledge. Some of them I don't even know, which helps me a lot because I'm generally a shy person. My only operational cost is the internet, which allows me to keep more of the profit for myself."*

Another P4 explained that *"I run an internet café business from my home garage. All I needed to start was a printer and a stack of papers, and I was set. I only contribute to the electricity already being used at home, which helps me save on the operational costs of renting a separate space, along with other expenses that could reduce my profits."*

The above aligns with the sentiments expressed by Krüger, (2019) who suggest that self-reliant individuals create and manage self-sufficient businesses. This is evident in how the participants identified their innate talents and capabilities, incorporated them into their ventures, and successfully started businesses that required minimal operational costs and subsequently having businesses that are financially self-reliant, with needing little to no external influence.

2) Sub theme 2: Community support and customer loyalty

As a finding, most participants agreed that the support they receive from the local community where they live and run their businesses has significantly contributed to the sustainability and financial self-reliance and independence of their enterprises. They also highlighted that this support, driven by the quality of services and products provided by the SMMEs, has helped them build strong customer relationships and loyalty. The nature of the businesses these SMMEs operate plays a crucial role in fostering these relationships and loyalty. This is because the services they offer are unique, and their products are convenient and affordable, making the businesses appealing to both the surrounding community and students. P2 explained that *“Many of my clients are very particular about how they want their hair and nails done. They’ve told me they don’t like having different people do their hair and nails, they prefer to find someone who does it well and stick with that person. This has helped us build a loyal customer base and strong relationships.”*

Similar sentiments were shared by P7, who added, *“My customers only want me to cut their hair. Some even travel from town just to have me do it. I’ve become close friends with some of them.”*

The issue of community support was not only demonstrated from the customers side, but also from the business owners as well. This is seen by the business owners being cognisant of the economic conditions in which their customers operate, that it created a sense of *“Ubuntu”* amongst them. An example of which is the business owners giving customers goods or services on credit, knowing that they will pay as soon as they can. This in return led to the customers being loyal and supporting the businesses and building healthy customer-business relationships. According to P5, *“Some of my customers take food even when they don’t have the money and pay at the end of the month when they can. We work together because I understand it’s not always easy to have cash on hand. This has led to their loyalty.”*

A research study by Nohoua, (2021) denotes similar findings, highlighting that support by community members plays a significant role in the success of small business who operate in the said communities.

P6 also notes that *“Every late afternoon, I give leftover food to homeless people”*, highlighting the important role these small businesses play in community building,

which in turn encourages community support for their businesses. This was thoroughly discussed by Anggie and Werdanyaningsih, (2024). In their research, emphasizing the social impact that SMMEs play within the communities they operate.

3) Sub theme three- keeping existing customers

This research found that being in proximity to the local community and offering goods and services that meet their demands allowed the businesses to attract new customers while retaining existing ones, contributing to their financial self-reliance. The researcher assumes that this is because customers are generally reluctant to purchase goods and services that are far from where they live, as it would require extra time and money, resources they prefer not to spend. As a result, they prioritize businesses that are conveniently located near them. Moreover, customers tend to support businesses that address their specific needs and wants, aligning with the community's demand. This aligns with research by Wiid, and Cant, (2021), who argue that producing goods and services that do not cater to a specific market is ineffective, a business exists to meet market needs and wants, which ultimately drives profitability.

This perspective is further supported by P3, who explains, *"I attract new customers and keep existing ones because the rooms I rent out are within walking distance to and from the campus. It's convenient for both me and my customers since they don't have to spend money on transport."* Similar sentiments were echoed by P2, who stated, *"I am easily accessible and close to where my customers are; they can simply walk to me."*

4) Sub-theme four- management of finances

The study result found that many of the surveyed businesses operating in the Mankweng area use speed points, the use of which allows for systematic tracking of the finances of the business and proper management thereof, which ultimately leads to a sustainable and self-reliant business. The participants explained that they began to use speed point as they started noticing that many of their customers no longer preferred using cash. Another reason why this option became more viable was that handling large amounts of cash daily made them vulnerable and exposed to criminal activities.

This is evident in P9s statement: *“Carrying large amounts of money is not safe, especially since I am a woman and sometimes finish work late at night. This has made me reconsider using cash as frequently as I did in the past. Moreover, even my customers now prefer to swipe rather than use cash.”*

However, P6 shared an opposing view, stating that *“I handle and prefer cash at my chisanyana joint, this is because where I buy stock, they only use cash.”*

Further to this, the researcher noted how the consensus was that most of the participants do not have a separate business account, instead they used their personal accounts for the transactions of the businesses. Lack of business accounts was because a lot of the businesses are not formally registered with the relevant authorities, making them not eligible to benefit from the government and non-government programmes that exist to benefit them, these findings were also realised by a study conducted by Peng and Walid, (2022). It can therefore be assumed that the lack of separation between personal and business accounts leads to there being an overlap in the spending of money from both accounts, making it difficult to account for the transactions of the business.

The study also shows that the businesses interviewed have some form of tracking systems in place for managing their incomes and expenses. The researcher observed that business owners with higher levels of education and those from the younger generation tend to use technological methods, such as Excel, for tracking their finances, the proper financial management allows for the businesses to make better and informed financial decisions which will lead to it being financially self-reliant. This is illustrated by P4 and P10, young business owners of an internet café and a tutoring business, who explained, *“At the end of each business day, I always update my income and expenses using Excel. This has made it easy for me to keep track of what is happening in my business and has allowed me to plan efficiently and effectively.”*

However, the results also indicated that older business owners prefer manual methods of bookkeeping. This is evident in P12 mentioning, *“I have a book in which I write all the daily transactions. I do this so I don't forget and so that I can accurately calculate the money I've made before banking it over the weekend, these findings support that of Ramsuraj, (2023), which suggest the reluctance of older business owners to more electronic methods of financial management and operations in relation to their younger*

counterparts. Kamutiba, (2020) highlights that errors are likely to occur with manual bookkeeping, which can distort the business's perceived financial position and ultimately reduce its chances of obtaining financial or non-financial support from banks or government institutions.

4.3.4 Factors That Constrain the Financial Self-Reliance of the Participants

This section outlines the findings regarding the factors that hinder the financial self-reliance of SMMEs in the Mankweng area in line with the second objective of the study. The financial independence of these small businesses is significantly affected by various challenges, which create substantial barriers to growth and sustainability, preventing small enterprises from obtaining the necessary resources for development and perpetuating a cycle of vulnerability and dependency.

1) Sub theme one: lack of formal registration/documentation

All participants in the study agreed that the lack of proper registration and documentation hindered their businesses from reaching their full potential. This perspective is supported by Chinyamurindi and Shava, (2019), who note that many businesses in rural areas are not formally registered with the CIPC. Several participants cited their reluctance to register due to the extensive administrative processes involved and the requirement to provide numerous documents they do not possess.

For instance, P5 mentioned, *“My type of business, a chisanyama, is not recognized by the government as a real business, so I don't even bother to register. It's every man for himself.”* Similarly, P11 expressed unwillingness to formally register his business, describing it as a tedious and ongoing process. He explained, *“Registering my business would require me to repeatedly go to town to update information and submit forms, which would take time away from my work at the shop. This would be difficult because my shop needs me, and constantly traveling to town would be both expensive and time-consuming.”*

P11's sentiments highlight the misinformation surrounding business registration, which unfortunately prevents business owners, the intended beneficiaries of government programmes, from accessing these benefits due to their unregistered status, threatening their sustainability and financial self-reliance.

2) Sub-theme two: lack of collateral/credit history issues

The formal banking sector has been criticized for its rigid policies, particularly regarding leniency in loan requirements, especially when it comes to collateral. This has been extensively discussed by researchers such as Nuwagaba, and Krüger (2019) and Ramudingane, and Nkondo, (2024), these issues are also evident in the Mankweng area, where the study found that many small businesses lack access to formal bank loans due to these constraints. The study results suggest that as Mankweng is predominantly a rural and peri-urban area, with residents facing severe economic challenges, they would lack collateral and assets, making them less attractive candidates for bank loans.

For instance, P3 shared, *“The asset, house in which the rooms (student accommodation) are built, is not in my name, but a family house. This made it difficult when I wanted to acquire a loan to build the student accommodation. I had to resort to savings, informal loans, and help from family members to raise money.”*

Many of the participants in the study identified the lack of collateral and credit history as significant barriers to starting and growing their businesses. As P7 mentioned, *“We don’t even bother reaching out to banks because we already know we won’t succeed due to these issues. We’d rather explore other avenues to raise funds.”*

3) Sub-theme three: limited awareness of information on government support structures

Limited awareness of government support structures presents a significant barrier to the financial self-reliance of SMMEs in Mankweng. A study by Quintão, Andrade and Almeida, (2020) found that many small business owners are unaware of the various funding opportunities, training programmes, and advisory services provided by the government to support entrepreneurship and business growth. As a result, these businesses miss out on critical resources that could help them expand, manage their finances effectively, or navigate challenges more efficiently. This lack of access to support hampers their ability to grow sustainably, forcing many to rely solely on limited personal funds or informal financial sources. Without proper guidance and external assistance, their chances of achieving long-term stability and self-reliance are significantly reduced.

The research findings reveal that the participants possess limited and often incorrect information about the government's support for SMMEs. The perceived stringent eligibility criteria set by the government have contributed to a reluctance among these small businesses to engage with or seek out information regarding available support programmes.

Most participants expressed unfamiliarity with any government assistance tailored for SMMEs, particularly those situated in rural and peri-urban areas. This lack of awareness has led many to prematurely disqualify themselves, believing they are unworthy or ineligible for such support due to the nature or location of their businesses, which is a misconception. For example, P3 stated, "*I don't know of any assistance from the government, and I am sure I do not meet the requirements.*" Similarly, P5 questioned, "*Does the government assist nail technicians? I didn't know that. I'm sure I wouldn't even qualify.*"

One participant (P3) offered an additional perspective on the challenges faced, highlighting issues with local municipal regulations (by-laws). She explained that the municipality frequently warns her that operating her *chisanyama* in its current location violates municipal by-laws prohibiting street vendors. This situation forces her to conduct business under the constant fear of legal repercussions, including potential arrest, due to the illegal status of her operations.

These various hindrances, real and some perceived, have resulted in these selected businesses performing below desirable levels. Notably, enterprises that have been operational for over five years have not experienced the expected exponential growth, underscoring the impact of these ongoing challenges. The above findings echo those stated in Peng, (2022), reiterating how lack of information and awareness of government programmes and interventions has led to SMMEs, particularly, those operating in rural and townships, partaking in, taking advantage and benefiting in the said programmes and interventions.

4.3.5 Economic Contribution of the Participants in the Mankweng Area

The financial self-reliance of SMMEs is critically constrained by various factors that limit their growth potential and ability to thrive in a competitive landscape. The key challenges will be discussed in depth below.

1) Sub-theme one: economic contribution of SMMEs towards business owner and family

The study's findings reveal that participants have achieved a higher economic standing since starting their businesses compared to their situation before the businesses were established. This finding is aligned with previous research by Ncube and Zondo, (2022), supporting the numerous participants who reported that their businesses have become their primary source of income, enabling them to meet their basic needs as well as those of their family members. It can be concluded from these study findings that without these businesses, it would be extremely challenging for participants to fulfil their basic needs as they would have to rely entirely on government grants, assuming they even qualify for such support, these findings are further resounded by Ramsuraj, (2023).

P4, P8, P1, P7, and P5 emphasized how the income from their businesses helps cover essential household expenses like *“food, electricity, transportation, school fees, and other unforeseen daily needs”*, fostering self-reliance.

P3 added “since I now have an income, I am able to support my family by buying groceries and other things we need in the household, we no longer depend only on my husband’s income and grant like we used to in the past”.

2) Sub-theme two: economic contribution of SMME towards employees and family

The study reveals that SMMEs significantly improve employees’ living standards by providing stable income and job opportunities, further illustrating how their businesses have grown to employ others and enhancing livelihoods. Additionally, employees gain valuable skills that enable them to start their own businesses or enter the formal job market, creating a cycle of entrepreneurship. This not only benefits individuals but also contributes to broader community development. These findings align with that of Nkwinika, and Akinola, (2023).

The employment provided by SMMEs significantly enhances the living standards and helps meet the basic needs of their employees. With a steady income, employees experience noticeable improvements in their quality of life.

P5 mentions “when my business started in 2018, it was only myself and my sister doing everything, right now we have five people working at the store”.

These sentiments were shared by P11 who stated, *“in the beginning, I was the only one working in the business, now I have employed 3 people, a security guard for the rooms, a cleaner and caretaker”*

In addition, over time, employees also acquire valuable skills and knowledge through their work, which can later empower them to start their own businesses within the same sector or get employed in the formal sector. Since these businesses typically operate at a micro level, the barriers to entry are relatively low. This creates a potential cycle of entrepreneurship, which can further boost the economic conditions of both the individuals and the broader community.

This is exemplified by P5, who shares, *“My employees don’t stay for many years, which I’m okay with because replacing them isn’t hard. They leave my business to start their own nail salons. I’m happy for them because they’ve gained the skills to become their own bosses.”* These findings match with those of Glonti, Manvelidze, and Surmanidze, (2021).

3) Sub-theme three: economic contribution of SMMEs towards community and surrounding area

The study finds that SMMEs play a vital role in boosting local economies by creating jobs, circulating money within communities, and offering essential goods and services nearby. They also promote social cohesion, with business owners helping address local challenges, such as donating food, improving safety, and assisting with job applications. These contributions enhance both the economic and social well-being of the community, supporting findings by Ma, Chen, Zhou, and Aldieri, (2022).

The study highlights the critical role that the establishment of SMMEs plays in enhancing the economic conditions of the community. By employing residents, these businesses not only improve the living standards of the employees and their families but also contribute to the circulation of money within the community. Employees spend their earnings on other local businesses, creating a cycle of economic support within the community. This is supported by P1, who explains, *“When my employees get paid,*

they buy from other businesses within the community. We help each other because we sell different things that we all need."

In addition to economic benefits, the presence of these businesses fosters social cohesion within the communities where they operate. The participants and their businesses often take on leadership roles, identifying and addressing socio-economic challenges. For example, P11 states, *"There are many poor people living near where my chisanyama is located. Every day, when there are leftovers, I give them away instead of throwing them away. I see this as a way to assist my community."*

P3, who is both a community leader and an accommodation/rental rooms owner, explains, *"Houses in the community that are unoccupied are vulnerable to crime. Therefore, I ensure that whenever students are away for school holidays, there are security measures in place to prevent criminal activities, leading to safer and more guarded communities."* The results are constant with that of Enaifoghe and Vezi-Magigaba, (2023).

P4 added, "Through my internet café, I help the community with issues like SARS e-filing, especially for the older generation who struggle with technology. I also assist with crafting CVs, which can potentially help community members secure jobs, which is beneficial."

The study further found that these businesses provide the community with essential goods and services at affordable prices and within proximity, reducing the need for residents to travel long distances to access them.

4.3.6 Strategies to Improve Financial Self-Reliance of Informal SMMEs In Mankweng Area

To enhance the financial self-reliance of informal SMMEs in the Mankweng area, it is essential to develop targeted strategies that address the unique challenges faced by these businesses to strengthen their operational sustainability and contribute more significantly to the local economy. The participants were asked to suggest strategies that could help improve their financial self-reliance. The strategies were identified and discussed below.

1) Sub-theme one: reduce policy and regulatory demands to allow for accessing support

The research found that participants perceive numerous government policies and regulations as obstacles to their success, and they have recommended that the government find ways to alleviate these challenges. Many participants expressed frustration that the government's policies are "one size fits all" and do not account for the specific needs of different types of businesses. They noted that businesses operating at the micro level, particularly in rural and peri-urban areas, are often overlooked and disregarded in policy formulation, with a significant lack of consultation being a major concern.

P8 shared, *"The government needs to be more accessible, reduce red tape, and create tailor-made policies that address the issues directly affecting micro businesses like mine. I can't be treated the same as a medium-sized business in urban areas that benefits because they meet the 'requirements' of government programs."*

P4 emphasized, *"The government should invest in youth businesses. As a young entrepreneur, I face challenges because of my age and location in a rural area. We have ideas that can help grow the economy and create jobs, but they shouldn't underestimate us because of our youth"*.

P11 added, *"The government must revisit municipal by-laws, as some are outdated and no longer relevant to current economic conditions. Now, many street vendors are making a living, and we shouldn't be harassed by these outdated regulations."*

The research notes that participants suggested government policies are outdated and need to be revised to be more inclusive and to create an enabling environment for SMMEs to thrive, considering that they are the main drivers of the economy, as highlighted by Enwereji, (2023).

2) Sub-theme two: simplify registration processes

The findings of the research are that all the participants expressed their dissatisfaction and frustration at the stringent registration process.

This is unfortunate because to even be considered for any government programmes or being a client of SEDA or SEFA, which is where majority of the government programmes are implemented, a business must be registered with CIPC and UIF.

This is expressed by P5 who said, *“I do not know how to go about registering my business, government must come where the people are, like at community centres and have officials assist and give more information about these things because we are missing out”*.

This is supported by P8 who explains, *“the paperwork needed to register a company is a lot, I think, and this must be done and updated regularly, this will take time from me focusing on my business”*, which is noted as findings to Nohoua, (2021)’s research, stating the rigid business registration processes.

3) Sub-theme three: access to business support information

SMMEs often struggle to access crucial business support information regarding available assistance, leading to a pervasive sense of hopelessness about benefiting from government programs. This lack of awareness not only diminishes their chances of receiving support but also undermines their confidence in pursuing entrepreneurial growth.

Access to business support information is vital for the success and sustainability of SMMEs, as it equips them with the knowledge and resources necessary to navigate the complex business landscape.

P9 suggested, *“I know a little about SEDA, but I am also aware that processes and programmes change regularly, SEFA must continuously have workshops in Mankweng to give us relevant information and assistance with registration processes.”*

4) Sub-theme three: tax incentives and exemptions

The study revealed a consensus among participants that the current approach to tax compliance for SMMEs needs to be reconsidered. Participants emphasized that small businesses should be treated according to their scale, and wherever possible, micro-level businesses should be exempt from tax. Such exemptions could encourage formal business registration, enabling these enterprises to access government programmes

designed for their support, growth, success, and ultimately contribute to job creation and economic growth.

P1 expressed this sentiment by stating, *"Some businesses are extremely small, you can't possibly expect them to pay tax. They should be exempt until they have grown."*

Therefore, tax seems to be a significant concern for participants, often deterring them from formally registering their businesses. However, it was also noted that many of these concerns are based on misunderstandings, which further highlights the need to improve access to relevant information. Lack of information unfortunately prevents them from taking advantage of programmes intended for their benefit, hindering their development as highlighted by (Anggie and Werdanyaningsih, 2024).

4.4. CONCLUSION

This chapter presented the results from the data collected using an interview guide. The participants' demographical information is displayed in tables, while their opinions are presented narratively. These opinions focus on the factors influencing the financial self-reliance and economic contribution of informal SMMEs in Mankweng area, Limpopo Province, South Africa. The participants' views are aligned with the study's objectives, which include: the factors that facilitate the financial self-reliance of the selected informal SMMEs in the Mankweng area, the factors that constrain the financial self-reliance of the selected informal SMMEs in the Mankweng area, and the economic contribution the selected informal SMMEs make to the Mankweng area. Additionally, the SMME owners and managers were asked about recommendations and insights of strategies to enhance the financial self-reliance of these informal SMMEs, and their responses are also included in this chapter. Finally, according to Kellermanns et al., (2016), RBET, in its application guides entrepreneurs to assess their resource capabilities, identify resource gaps and devise strategies to leverage their exceptional resources for entrepreneurial success. The results of this study showed that the SMME owners identified gaps in the market and the needs of their community, leveraged on their capabilities and interests to come up with their businesses.

The next chapter will provide a summary of the study's findings, along with recommendations and conclusions.

CHAPTER FIVE

SUMMARY OF RESULTS, RECOMMENDATIONS AND CONCLUSIONS

5.1. INTRODUCTION

This chapter presents a summary of the key findings of the study, followed by conclusions drawn from the results. The chapter also provides recommendations for SMMEs that do not benefit from government or non-government financial and non-financial support, to be financially self-reliant. These recommendations aim to help businesses achieve success and sustainability. The recommendations are intended to be useful for policy makers and institutions that support SMMEs, as well as future researchers who wish to explore similar topics. The chapter concludes with an overall summary of the study.

5.2. SUMMARY AND DISCUSSION OF THE RESULTS OF THE STUDY

The major findings of this study will be presented in alignment with the research objectives outlined in the first chapter. This study was guided by four specific objectives, which are as follows:

- Firstly, to investigate the factors that facilitate the financial self-reliance of the selected informal SMMEs in the Mankweng area;
- Secondly, to examine the factors that constrain the financial self-reliance of the selected informal SMMEs in the area;
- Thirdly, to assess the economic contribution of the selected informal SMMEs make to the area; and
- Finally, to offer recommendations and insights of strategies to enhance the financial self-reliance of these informal SMMEs.

The summary of the findings in this study are based on those study objectives and are presented below.

5.2.1. Factors That Facilitate the Financial Self-Reliance of the Selected Informal SMMEs in Mankweng Area

According to the results of the study, there are various factors that are facilitating many SMMEs' financial self-reliance in the area, they are as follows:

5.2.1.1. Low operational costs

Participants in the study keep operational expenses minimal by utilizing local resources and skills. This was seen in businesses such as beauty salons and fast-food outlets, where local demand and affordable rent helped maintain profitability.

This strategy allows them to direct profits toward supporting their basic needs and families. For example, some participants capitalize on their skills, like cooking or beauty services, which have low startup costs and can be run affordably, especially with shared expenses such as rent. Others leverage resources like the internet, which enables them to operate home-based businesses, reducing costs associated with renting separate spaces. These findings are consistent with previous studies showing that small businesses effectively use available resources to reduce costs, creating self-sufficient ventures that maximize profit (Ma, Chen, Zhou, and Aldieri, 2022).

5.2.1.2. Community support and customer loyalty

Many participants emphasized the role of loyal customers and local support, which contributed to the sustainability of their businesses. The concept of "*Ubuntu*" fostered strong relationships between the business owners and the community.

This support, encouraged by the high quality of services and affordable products, fosters strong customer loyalty and relationships. The unique, convenient offerings of these businesses appeal to both residents and students. Participants noted that customers prefer consistency in services, like hair and nail treatments, strengthening customer loyalty. Additionally, business owners contribute to this supportive environment by recognizing customers' financial situations and extending credit, fostering a sense of "*Ubuntu*" and mutual support. Some business owners also give back to the community by helping the less fortunate, which further enhances local support and loyalty.

5.2.1.3. Management of finances

The study revealed that a growing number of SMMEs in the Mankweng area have transitioned to using speed point machines for processing payments. This shift is primarily driven by the increasing risks associated with handling physical cash. Business owners reported heightened concerns about theft, robbery, and cash-related fraud, which pose a serious threat to the safety of both their employees and business

premises. The physical transportation and storage of cash also expose these enterprises to potential losses and operational disruptions. Additionally, the lack of secure infrastructure, making many of these businesses' vulnerable targets for criminal activity. Customers' growing preference for cashless transactions further supports this move, as digital payments not only reduce the security risks but also improve transaction efficiency and record-keeping. Overall, the adoption of cashless systems in Mankweng is largely a risk-mitigation strategy in response to the dangers associated with cash handling in the area.

However, despite the benefits of going cashless, there remains some resistance to this change. For example, one participant in the study indicated a preference for cash due to supplier requirements, some suppliers only accept cash payments for stock purchases. This reliance on cash-based supply chains creates a dependency that limits the ability of certain SMMEs to fully transition to cashless operations, exposing them to continued security and operational risks.

Additionally, many businesses operate using personal bank accounts instead of formal business accounts. Ma, Chen, Zhou, and Aldieri, (2022) supports this, emphasising that this practice is largely because many of these enterprises are not officially registered, which not only limits their access to government support programs but also undermines the financial credibility and professional image of the business. The use of personal accounts can complicate financial management, blur the lines between personal and business finances, and restrict opportunities for growth and formal funding.

In terms of financial tracking, younger and more educated business owners often use digital tools like Microsoft excel to manage income and expenses, allowing for efficient financial planning. In contrast, older business owners prefer manual bookkeeping methods, documenting transactions in physical ledgers to stay organized, this issue of older generations being rigid in their use of old financial management is highlighted in a study by Nkwinika, and Akinola, (2023) who argue that if a system works, it is better to continue with it, to be on the safe side, than it is to change it as this has the potential to cause disruptions.

5.2.2. Factors That Constrain the Financial Self-Reliance of the Selected Informal SMMEs in Mankweng Area

This objective in this study focused on examining the factors that constrain the financial self-reliance of the selected informal SMMEs in the area. The study finds that these constraints hinder SMMEs from being financially self-reliant and from reaching their full potential for success and sustainability. The participants indicated the below as key constraints.

5.2.2.1. Lack of formal registration

All study participants agreed that not being formally registered limits their business potential. This aligns with Chinyamurindi and Shava, (2019), who note that many rural businesses remain unregistered with the CIPC. Participants expressed reluctance to formally register their businesses due to a range of challenges, including complex administrative requirements and the lack of necessary documentation. A recurring concern was the perception that certain informal business types, such as *chisanyama* vendors, street traders, and home-based salons, are not recognized by government institutions as legitimate enterprises. This perception significantly diminishes the motivation to undergo the formal registration process, as business owners feel excluded from mainstream economic structures.

Moreover, the registration process itself presents logistical and financial barriers as highlighted in a study by Anggie and Werdanyaningsih, (2024). Many participants highlighted the costs associated with traveling to government offices to submit paperwork, which often involves long queues and repeated visits due to unclear or missing information. These trips not only impose a financial burden, especially on low-income entrepreneurs, but also result in lost business time, affecting daily income and productivity.

In addition to these obstacles, a general lack of awareness and understanding about the registration process further compounds the problem. Many business owners are unaware of the specific steps required or the potential long-term benefits of formalization, such as access to funding opportunities, training programs, and participation in government procurement initiatives. As a result, they remain excluded from formal support systems designed to promote entrepreneurship and economic development.

5.2.2.2. Limited access to credit

The study found that rigid banking policies, especially around collateral requirements, limit access to formal loans for small businesses in Mankweng. These constraints, highlighted in works by researchers such as Jordaan and Coetzee, (2021), are particularly challenging in rural and peri-urban areas like Mankweng, where residents often face economic hardship and lack sufficient assets. Many participants in the study reported that they are unable to access formal bank loans due to a lack of collateral or credit history. As a result, they rely on personal savings, informal loans from family or friends, and community support to finance their businesses. For example, a salon owner in Mankweng mentioned that without property to offer as collateral, the bank turned down their loan application. Similarly, a spaza shop owner often uses personal savings to buy stock during slow periods. While informal loans are more accessible, they come with high-interest rates and the risk of damaging personal relationships. This reliance on informal financing limits their ability to invest in business growth and achieve long-term sustainability, creating a barrier to their expansion and financial stability. These findings are match that of Ma, Chen, Zhou, and Aldieri, (2022) who thoroughly discusses how lack of access to finance cripples SMME growth and sustainability.

5.2.2.3. Lack of information on government support

The research highlights that many participants in the study have limited and, in some cases, inaccurate information regarding government support programs for SMMEs. While some entrepreneurs are aware of the existence of these initiatives, they often express frustration with the perceived restrictiveness of the eligibility criteria. These criteria are seen as overly stringent, discouraging many business owners from even attempting to apply for assistance. For instance, some participants feel that their businesses, whether due to their informal nature or because they operate in rural or remote locations, do not meet the often-rigid requirements. This leads to premature self-disqualification, as business owners assume they are ineligible based on misconceptions about what qualifies for government support.

This lack of awareness and misinterpretation of eligibility conditions prevents many entrepreneurs from seeking out government programs, thus missing valuable opportunities for financial aid, training, or access to markets. One example shared by

a local business owner running a hair salon in a Mankweng area mentioned a misunderstanding regarding the application process for government grants, which he believed were only available to large, registered companies. As a result, he never pursued any government assistance, despite the potential benefits it could have brought to his business.

Moreover, local municipal regulations and by-laws further complicate the operating environment for many small businesses. Street vendors and other informal businesses face ongoing challenges from restrictive local by-laws. One participant, who operates a street food stall, described the constant threat of legal action from local authorities due to by-laws prohibiting street vending in certain areas. This instability creates a tense and uncertain environment, discouraging business owners from expanding or investing in their ventures, as they are unsure whether they will be able to continue operating in the same location. Another participant, who runs a small shop in a residential area, faces challenges related to zoning regulations, which prevent him from extending his business to accommodate growing customer demand.

These regulatory constraints and the perceived inaccessibility of government support programs contribute to the underperformance of many SMMEs. Despite years of operation, these businesses often fail to achieve significant growth due to the combined effects of regulatory limitations, lack of resources, and misconceptions about available assistance. This situation aligns with findings by Nohoua, (2021), who identifies that such barriers create an environment where businesses struggle to thrive, particularly in rural or informal sectors where flexibility is crucial for success.

5.2.2.4 Financial management skills

In Mankweng, many of the informal SMME owners we interviewed expressed significant challenges related to a lack of financial management skills, which often hinder their ability to achieve financial self-reliance and long-term sustainability. Many of the participants admitted to struggling with aspects of financial management that are essential for the smooth operation of their businesses.

A local salon owner described how they frequently mix personal and business finances, often using business funds to cover personal or family expenses. This practice led to cash flow challenges, making it difficult to purchase stock or pay rent on time. The lack of separation between personal and business finances affected the

salon's ability to operate smoothly and hindered future growth. Without a proper understanding of budgeting and financial management, the owner struggled to handle daily expenses, which in turn impacted their ability to pay suppliers and meet other operational commitments.

A food vendor operating on the busy streets of Mankweng shared their struggles with managing cash flow, particularly due to poor tracking of sales and expenses. On some days, they spent excessively on ingredients without accurately monitoring their income, which often left them unable to restock for the following day or resulted in unsold leftovers. This lack of financial oversight led to stock shortages and missed opportunities to make sales. During quieter periods, the absence of a financial buffer made it difficult to sustain the business, highlighting the importance of effective budgeting and record-keeping for long-term stability.

Securing external financing was another challenge that came up in our interviews. One participant, who operates a beauty salon, spoke about their difficulty in accessing loans. "I wanted to expand, but the bank asked for financial records and projections that I didn't have," they explained. "Without proper documents, I can't get the loan, so I end up relying on informal loans from friends or family, which come with high interest." This reliance on informal lending is not only unsustainable but also a barrier to growth. The business owner felt trapped in a cycle of borrowing that limited their ability to invest in the salon's development.

Finally, fast food vendor shop owner reflected on the challenges caused by not setting aside savings for emergencies. When an essential tool broke, they did not have the funds to replace it immediately, resulting in a delay of several weeks to save enough money. During that time, they lost valuable business. The absence of an emergency fund disrupted operations and highlighted the vulnerability that comes with poor financial planning. Without reserves to cover unexpected costs, the business struggled to recover quickly, ultimately affecting its stability and customer service.

These stories, shared by participants in the study, underscore how a lack of financial management skills presents significant challenges to the growth and sustainability of informal SMMEs in Mankweng. Muchuchuti and Mahambo, (2020) supports the notion indicating that without proper budgeting, cash flow management, tax planning, and access to external financing, these businesses often face instability that can limit their

potential for success. Enhancing financial literacy and equipping these entrepreneurs with the tools to manage their finances more effectively is critical for helping them thrive and contribute more meaningfully to the local economy.

5.2.3 Economic Contribution of the Selected Informal SMMEs Make to The Mankweng Area

This section sought to ascertain what the economic contribution was achieved because of the existence of these SMMEs operating in the Mankweng area, particularly focusing on three categories: the business owner and family, the employees and the community.

5.2.3.1. To business owners and families

The study found that participants have achieved greater economic stability through their businesses, often making these ventures their primary income source. This improvement aligns with a study by Rahman, Dana, Moral, Anjum and Rahaman, (2023), showing that small businesses play a vital role in helping individuals meet basic needs, such as food, utilities, and education costs. Without these businesses, participants would likely struggle to cover these essentials and would need to rely on government grants, if eligible. This self-reliance has allowed many to better support their families, as illustrated by participants who now contribute significantly to household expenses, reducing dependency on secondary incomes. Many reported that their ventures have grown to the point where they can meaningfully contribute to daily expenses such as groceries, school fees, utilities, and transportation. This has led to a noticeable reduction in reliance on secondary sources of income, such as support from extended family members or irregular wage employment.

For instance, one participant who runs a home-based tailoring business shared that the income generated has enabled her to consistently pay for her children's school uniforms and stationery, expenses that were previously dependent on her partner's income. Another entrepreneur, operating a small tuck shop, reported that the business covers monthly grocery needs, allowing the household to reallocate other income towards savings and emergency expenses.

According to Maslow's hierarchy of needs, these businesses help fulfil participants' basic needs, supporting their economic and personal well-being. Additionally, a

perspective of the Resource-Based Entrepreneurship Theory (RBET) is highlighted, where these businesses exemplify how individuals can effectively leverage available internal and external resources, such as skills, family labour, household space, and social networks, to create sustainable economic value. For instance, one participant operating a home-based catering business utilized her cooking skills, kitchen equipment, and support from family members to establish a thriving enterprise without requiring significant external capital. Another example is a street vendor who leveraged her knowledge of local customer preferences and strong community ties to build a loyal customer base.

The RBET posits that entrepreneurship is driven not only by opportunity but also by the entrepreneur's ability to utilize and recombine existing resources to overcome constraints. The participants in this study demonstrate how resourcefulness, rather than capital alone, can lead to meaningful entrepreneurial outcomes, particularly in low-income or informal settings. As a result, their businesses have become vital instruments for reducing dependency on secondary incomes and enhancing household resilience.

5.2.2.4. To employees

The employment opportunities created by SMMEs play a crucial role in enhancing the living standards of employees within local communities. By offering stable income streams, often in areas where formal employment is scarce, SMMEs enable employees to meet essential needs such as food, housing, education, and healthcare. For example, one participant in the study who operates a small printing and stationery business employed two young individuals from the community, both of whom were previously unemployed. Their salaries, though modest, have allowed them to contribute to household expenses, pursue further education part-time, and gain a sense of financial independence.

As these businesses expand, they tend to increase their workforce, providing further employment opportunities and promoting inclusive local economic growth. Importantly, the employment offered by SMMEs is not only a source of income but also a platform for skills development. Employees often acquire valuable, hands-on experience in areas such as customer service, inventory management, bookkeeping, and product development. In one instance, a woman employed at a small beauty salon shared that

she had learned advanced skincare techniques on the job, which she now uses to provide specialized treatments. These newly acquired skills increase her employability and open the door to future entrepreneurial ventures.

Furthermore, some business owners take a deliberate approach to staff development, offering mentorship and informal training to their employees. For instance, a local catering business regularly trains its staff in hygiene standards, food preparation techniques, and event coordination. Over time, these employees become more competent and confident, and in some cases, have gone on to open their own small food enterprises, creating a ripple effect of empowerment and job creation within the community.

This experience empowers employees to pursue their own ventures or find jobs in the formal sector, fostering a cycle of entrepreneurship, similar findings are expressed by Dance, and Omale, (2024). The accessible, micro-level nature of these businesses lowers entry barriers, creating pathways for economic growth within the community as individuals start their own businesses in the same sector.

5.2.2.5. To the community

The study highlights the vital role that SMMEs play in improving the economic and social well-being of local communities. These enterprises act as key drivers of local economic development by generating employment opportunities and stimulating economic growth. The resulting cycle of income spending within the community not only boosts the business's revenue but also supports other local businesses, creating a multiplier effect that fosters broader economic resilience. For example, a small hardware store in a rural community employs several locals. As the employees earn wages, they spend them on food, clothing, and transportation from local vendors, thereby supporting grocery stores, tailors, and bus services in the area.

In addition to their economic impact, SMMEs also play a vital role in promoting social cohesion within their communities. Business owners often assume leadership roles, responding to local needs and challenges in ways that help strengthen community ties. For instance, many small business owners actively contribute to charitable causes, such as donating leftover food to shelters or organizing local clean-up drives. In some cases, they go beyond business operations by providing essential services that address community needs. For example, a local entrepreneur running a printing

business might offer free CV preparation workshops and assist community members with e-filing during tax season, which helps to alleviate the administrative burden for individuals in the community.

Furthermore, SMMEs provide access to essential goods and services within the local area, often at more affordable prices compared to larger, distant retailers. This reduces the need for residents to travel long distances, which is particularly important in rural areas or regions with poor transportation infrastructure. By offering locally sourced products, such as fresh produce or basic household items, SMMEs enhance the community's self-sufficiency and reduce economic leakage, where money is spent outside the local area. A prime example is a local grocery store or butcher shop that supplies affordable food to residents, allowing them to support their families without having to commute to larger, often more expensive, urban centres.

These contributions of SMMEs to the community are further validated by research conducted by DiBella, Forrest, Burch, Rao-Williams, Ninomiya, Hermelingmeier, and Chisholm, (2023), which similarly highlights the positive impact of local enterprises in promoting economic growth, social integration, and community resilience.

5.2.4. Strategies to Improve Financial Self-Reliance

The last objective of this study sought to explore strategies to enhance the financial self-reliance of the SMMEs in the Mankweng area. The participants' suggestions primarily focused on the need for increased support and the relaxation of registration procedures. These recommendations have been incorporated into Section 5.5 of this chapter.

5.3. CONCLUSION

This study offers important insights into the financial self-reliance of SMMEs in the Mankweng area and their economic contribution, revealing that most entrepreneurs were driven by economic necessity and unmet local needs. Business owners successfully sustained their enterprises by drawing on personal skills, local resources, and strong community ties. Operating informally, they kept costs low and cultivated loyal customer bases, which played a key role in maintaining their financial self-reliance without reliance on external funding or government assistance.

The findings provide valuable lessons for other SMMEs, particularly those in rural or township environments. Critical success factors included identifying local market opportunities, building and maintaining social capital, nurturing customer loyalty, and collaborating within informal networks to exchange resources and information. However, several constraints were identified that hinder long-term growth and development. The absence of formal registration excludes many SMMEs from accessing government funding, legal protections, and formal markets. Limited financial records and lack of credit histories further restrict their ability to secure loans or invest in business improvements. Compounding these issues is a general lack of awareness or understanding of available government support mechanisms, leaving many businesses unable to access essential training, advisory services, or funding. These constraints trap many SMMEs in a cycle of informality and underperformance, limiting their potential contribution to the wider economy. Nevertheless, their economic and social impact at the local level remains significant, providing livelihoods, supporting families, and reinforcing social cohesion in their communities.

While many SMMEs in this project demonstrate financial self-reliance and contribute meaningfully to their communities, their potential for growth and sustainability is significantly hindered by operating informally. Without formal registration, these enterprises are excluded from a range of government and private sector support mechanisms designed to bolster small businesses, leaving them to continue operating on a survivalist basis.

Registered businesses can tap into various funding opportunities such as the Township and Rural Entrepreneurship Programme, aimed at integrating opportunities in these areas into productive business ventures. Additionally, formal registration facilitates the building of a credible financial track record, essential for accessing further financial services and support

By formalising business operations, SMMEs not only unlock access to financial and non-financial support but also position themselves for greater success and resilience in the competitive business landscape.

For these businesses to thrive, the research recommends simplifying registration processes, enhancing access to business support information, and revising government policies to accommodate the specific needs of rural and peri-urban micro-

enterprises. Addressing these structural barriers can lead to greater financial self-reliance and sustainability for informal SMMEs in Mankweng, ultimately contributing to local economic development.

5.4 RECOMMENDATIONS OF THE STUDY

Based on the findings of this study, the following recommendations can be made to improve the financial self-reliance and sustainability of informal SMMEs in the Mankweng area:

5.4.1. Recommendations for SMMEs in Mankweng Area

- **Formally registration of the SMMEs:** SMMEs involved in this study reported operating without formal registration due to various factors. This informal status often excludes them from accessing government and private sector support, thereby limiting their potential for growth, sustainability, and success. To overcome these challenges, formal registration is essential.
- **Seek registration assistance:** Small business owners are encouraged to engage in workshops and outreach programmes to understand the registration processes with relevant government bodies as registration is essential for eligibility to access support programmes.
- **Engage in financial literacy programmes:** Business owners should attend financial management training to improve their knowledge in areas like budgeting, bookkeeping, and tax management to enhance operational efficiency.
- **Utilise available business support services:** Actively seek out support from agencies like SEDFA, and local municipalities to remain updated on resources, grants, and services specifically tailored for SMMEs.
- **Constant seeking of information regarding SMME ecosystem:** SMMEs must make efforts to find out and leveraging on developing information and programmes aimed at assisting informal SMMEs i.e The Transformation Fund, which offers financial assistance to SMMEs to ensure adherence to the food handling sector, particularly those operating in townships and rural areas.

- **Leverage community-based knowledge sharing:** Participate in community networks that share experiences, skills, and strategies that can reduce costs, maximize profits, and overcome operational challenges.
- **Adoption of technology:** Digital platforms such as WhatsApp, Facebook, and mobile payment systems should be adopted by the SMMEs, allowing them to market their products, process transactions, and communicate with customers more effectively and at a low cost. These tools will help overcome geographical limitations and foster customer loyalty through consistent online presence.

5.4.2 Recommendations for Government and Supporting Agencies

- **Facilitate awareness of available support programmes for SMMEs:** Some SMMEs indicated lack of awareness of either the support structures of government or, if aware of them, they did not know how to access them. It is therefore recommended that these support agencies should conduct regular workshops and information sessions in the Mankweng area to help in raising awareness about available support programmes for SMMEs and registration processes. Additionally, distribution of information in the form of pamphlets and brochures at centres that are convenient and accessible might also help in making communities aware of their services.
- **Simplifying registration procedures:** Considering the participants' fear and avoidance of registration due to what they perceive to be difficult and restrictive procedures, it is recommended that the CIPC, for instance, should simplify registration processes by reducing paperwork and bringing registration assistance to community centres in rural areas to enhance accessibility.
- **Align government policies with the realities of SMMEs:** Once again, due to the SMMEs in this study demonstrating a lack of understanding of existing development policies, it is recommended that the Department of Small Business Development revise these policies to promote inclusivity and flexibility, particularly for micro and rural enterprises, by reducing bureaucratic hurdles and implementing less stringent regulatory requirements.
- **Providing specific financial assistance and tax incentives:** To foster financially self-reliant SMMEs, organizations like SEFA should provide accessible funding via favourable loans and lower collateral requirements. Simultaneously, SARS can

incentivize formal registration of new SMMEs by offering tax breaks or exemptions, alleviating immediate tax compliance burdens.

- **Increase awareness and availability of financial literacy programmes:** **SEFA and SEDA** can provide ongoing financial literacy and business skills training to help small business owners improve record-keeping, budgeting, and tax preparation capabilities.
- **Enhance local engagement and support:** It is crucial that the different departments, i.e., support agencies, collaborate and work together and develop strong partnerships with local municipalities. This will allow them to better address the specific requirements of rural SMMEs, offering consistent support, resources, and networking opportunities.

5.5. LIMITATIONS OF THE STUDY

The results of this study are not generalizable due to its qualitative nature, which involved a limited number of participants. Furthermore, the study was confined to the Mankweng area. Nonetheless, the findings and conclusions may serve as a valuable reference for future research in similar contexts.

5.6. SUMMARY

The research investigated the factors that affect the financial self-reliance and economic contribution of informal SMMEs in the Mankweng area, focusing on rural and peri-urban entrepreneurs. The research methodology that was followed was an interpretivist research philosophy as the attempt was to go in-depth and seek understanding of the different factors that depend on the context of the situation, which are multifaceted and affect human behaviour as stated by (Alharahsheh & Pius, 2020). The research design which was utilised in the study was a cross-sectional qualitative design as it offers deep, timely insights by exploring participants' experiences within a specific context at one point in time, helping identify patterns and themes across groups, supports exploratory research, and is practical, flexible, and adaptable to various fields.

It found that economic necessity, driven by high unemployment rates, was the primary motivator for many participants to start their businesses. Entrepreneurs also identified market gaps and local community demand as key opportunities, especially in sectors like student accommodation, fast food, and tutoring services. These businesses

sustained themselves by addressing local needs, although they often relied on personal savings, family support, or informal lending due to a lack of access to formal financial institutions.

Despite their efforts, several significant barriers limited the growth and sustainability of these enterprises. A lack of formal business registration prevented many from accessing government programs and formal financing, while limited awareness of available support further restricted their opportunities. However, the study revealed that these businesses made important economic contributions, helping owners achieve financial independence and providing essential services to the local community. The research concluded that simplifying registration processes, improving access to credit, and offering targeted government support could greatly enhance the financial self-reliance and long-term sustainability of informal SMMEs in the area.

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APPENDIX A: ETHICAL CLEARANCE



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TURFLOOP RESEARCH ETHICS COMMITTEE

ETHICS CLEARANCE CERTIFICATE

MEETING: 04 December 2023

PROJECT NUMBER: TREC/1764/2023: PG

PROJECT:

Title: Factors that Affect the Financial Self-Reliance of Informal Small Medium and Micro Enterprises in Mankweng Area, Limpopo Province, South Africa
Researcher: RT Mafaralala
Supervisor: Prof MF Rachidi
Co-Supervisor/s: N/A
School: Turfloop Graduate School of Leadership
Degree: Master of Business Administration

PROF D MAPOSA
CHAIRPERSON: TURFLOOP RESEARCH ETHICS COMMITTEE

The Turfloop Research Ethics Committee (TREC) is registered with the National Health Research Ethics Council, Registration Number: **REC-0310111-031**

Note:

- i) This Ethics Clearance Certificate will be valid for one (1) year, as from the abovementioned date. Application for annual renewal (or annual review) need to be received by TREC one month before lapse of this period.
- ii) Should any departure be contemplated from the research procedure as approved, the researcher(s) must re-submit the protocol to the committee, together with the Application for Amendment form.
- iii) PLEASE QUOTE THE PROTOCOL NUMBER IN ALL ENQUIRIES.

APPENDIX B

LETTER REQUESTING PERMISSION TO CONDUCT RESEARCH

09 January 2024

The Municipal Manager
Capricorn District Municipality
P.O.Box 4100
Polokwane
0700

Dear Mr. R. Selepe

Re: Request for permission to conduct research in Mankweng Township

I, Teballo Mafaralala, am a registered Master of Business Administration student in the Faculty of Management and Law at the University of Limpopo. As part of the requirements for the degree, I am required to conduct a research study. The proposed title of my research is: "Factors That Affect the Financial Self-Reliance of Informal Small Medium and Micro Enterprises in Mankweng Township, Limpopo Province, South Africa". I am therefore requesting permission to conduct this study.

The purpose of the study is to investigate the factors that affect the financial self-reliance of informal SMMEs in the Mankweng township. Identifying these factors will offer recommendations and insights of strategies to enhance the financial self-reliance of these informal SMMEs.

Data collected from the SMME employees will be treated with confidentiality and will not be shared with any unauthorized parties.

Attached to this letter are:

- (a) A copy of the research proposal.
- (b) A copy of a provisional ethical clearance certificate issued by the University of Limpopo.

(c) A copy of the participants' consent form.

Upon completion of the study, I undertake to provide the municipality with a bound copy of the mini dissertation.

Your permission to conduct this study will be greatly appreciated.

Should any further information be required, please do not hesitate to contact me:

Ms Teballo Mafaralala: mafaralalatibi@gmail.com

Yours sincerely,

Ms Teballo Mafaralala

APPENDIX C
CONSENT FORM

I, _____ the undersigned, give my written consent to participate in the research undertaken by Teballo Mafaralala a Master of Business Administration student at the University of Limpopo.

I understand and agree with all the stipulations in the covering letter. I voluntarily agree to participate in this study that centres on Factors that affect the financial self-reliance of informal Small, Medium and Micro Enterprises in Mankweng township, Limpopo Province, South Africa. I declare that I have not been pressured or intimidated in any way. I understand that my names and other personal details will be kept confidential by the researcher.

Full names of the participant

Signature of the participant

Signed on this dayof.....2024.

Contact email of researcher: mafaralalatibi@gmail.com

APPENDIX D

FOROMO YA TUMELELO

Nna..... bao ba saennego ka fase, fa tumelelo ya ka ye e ngwadilwego ya go tšea karolo nyakišišong yeo e dirilwego ke Teballo Mafaralala moithuti wa Master of Business Administration wa Yunibesithi ya Limpopo.

Ke kwešiša ebile ke dumelelana le dipeelano ka moka tšeo di lego lengwalong la go akaretša. Ke dumela ka boithaopo go kgatha tema mo nyakišišong ye yeo e lebanego le Mabaka ao a amago go itshepa ga ditšhelete ga Dikgwebo tše Nnyane, tša Magareng le tše Nnyane tšeo e sego tša semmušo ka toropong ya Mankweng, Profenseng ya Limpopo, Afrika Borwa. Ke tsebagatša gore ga se ka gatelelwa goba go tšhošetšwa ka tsela le ge e le efe. Ke kwešiša gore maina a ka le dintlha tše dingwe tša motho ka noši di tla bolokwa e le sephiri ke monyakišiši.

Maina ka botlalo a motšearolo

Go saena ga motšearolo

E saenilwe letšatšing leya.....2024.

Tshedimošo ya go ikgokaganya le monyakišiši: mafaralalatibi@gmail.com

APPENDIX E
INTERVIEW GUIDE

SECTION A: DEMOGRAPHIC INFORMATION

1. What is your gender?
2. Kindly indicate your age.
3. How long in business
4. Kind of business
5. What is your level of education?
6. What drove you to start your business?

SECTION B: Facilitating factors for informal SMME financial self-reliance.

7. What are the factors that have helped you when starting your business?
8. What are the factors that keep facilitating your day-to-day running of your business, thus helping to maintain it?
9. What sources of funding or capital did you use to start your SMME?
10. What do you do to attract new customers and to keep existing ones?
11. How do you manage your finances and track your income and expenses?

SECTION C: Constraints for informal SMME financial self-reliance.

12. Have you previously received any financial or business training or support for your SMME? (Yes/No)
If yes, from which institution, and what happened to it?
13. What are the main challenges, financial or non-financial, that you face in operating your SMME?

SECTION C: Economic contribution of informal SMME in Mankweng township.

14. Can you indicate how many employees you started with compared to the number you have now?
15. In what way would you say your business has helped you and your family?
16. In what way would you say your business has helped your employees and their families?

17. In what way would you say your business has helped the community around you?
19. What is the estimated annual revenue of your SMME?
20. How do you spend some of the profits of your SMME?

SECTION D: Strategies to improve financial self-reliance of informal SMMEs in Mankweng township.

21. What recommendations do you have for enhancing the financial self-reliance of SMMEs for their sustainability?

THANK YOU FOR YOUR COOPERATION.

APPENDIX F
INTERVIEW GUIDE

KAROLO YA A: TSHEDIMOŠO YA GO SE TŠWELETŠI

1. Na bong bja gago ke bofe?
2. Hlaloša gore o na le mengwaga ye mekae.
3. O dutše lebaka le le kaakang ka gare ga khamphani?
4. Ke kgwebo ya mohuta mang yeo o e dirago?
5. Thuto ya gago e na le bokgoni bofe?
6. Ke eng se se go nyakago gore o thome kgwebo ya gago?

KAROLO YA B: GO NOLOFATŠA DINTLHA TŠA GO SE BE LE TŠHELETE YEO E SA LOKAGO.

7. Ke dilo dife tšeo di go thušitšego ge o thoma kgwebo ya gago?
8. Ke dilo dife tšeo o di dirago gore o kgone go dira mošomo wa gago wa letšatši le letšatši?
9. Ke dilo dife tšeo o di dirišago go diriša tšhelete ya gago goba tšhelete ya gago?
10. Ke eng seo o swanetšego go se dira go hlohleletša bareki ba bafsa le go boloka dilo tšeo di lego gona?
11. O laola bjang ditšhelete tša gago le go laola ditshenyegelo tša gago?

***KAROLO YA C: GO BA LE MAIKARABELO A GO SE BE LE TŠHELETE YEO E SEGO YA DITŠHELETE YEO E SA LOKAGO.**

12. Naa o kile wa hwetša thušo efe goba efe ya ditšhelete goba ya kgwebo? (Ee/Aowa)

Ge e ba go le bjalo, go tšwa go mokgatlo ofe, gona go diregile eng?

13. Ke mathata afe a magolo, a ditšhelete goba ao e sego a ditšhelete, ao o lebanego le ona mabapi le go šoma ga gago?

KAROLO YA C: GO BA LE SEABE SE SE SA ŠUTHEGO SA GO SE BE LE SEABE SA EKONOMI KA LEFELONG LA MASEPALA.

14. Na o ka bontšha gore ke bašomi ba bakae bao o ba thomilego ge ba bapetšwa le palo yeo o nago le yona bjale?
15. Ke ka baka la'ng seo o bego o ka se bolela le wena le lapa la gago?
16. Ke ka baka la eng o be o ka re kgwebo ya gago e thušitše bašomi ba gago le ba lapa la gago?
17. Ke ka tsela efe yeo o bego o ka re kgwebo ya gago e go thušitše ka yona?
18. Dipelo tša gago tša ngwaga ka ngwaga ke dife?
19. O ka diriša dikholego tša gago bjang?

KAROLO YA D: MEKGWA YA GO KAONAFATŠA BOIKGAO BJA DITŠHELETE BJA DISMME TŠA GO SE BE LE TŠA SEMMUŠO KA MOTSENG WA MANKWENG.

20. Ke dikeletšo dife tšeo o swanetšego go di dira go kaonafatša boikgantšho bja ditšhelete tša ditšhelete?

RE LBOGA TIRIŠANO YA GAGO.