

# Small Medium and Micro Enterprises (SMMEs) Market Related Challenges in uMhlathuze Local Municipality, KwaZulu - Natal, South Africa

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**Abstract:** *This paper emanated from a Master's project which seeks to determine the contribution of Small Medium and Micro Enterprises (SMMEs) in reducing the unemployment in uMhlathuze Local Municipality. However, this paper investigates the SMMEs market related challenges in the study area. The literature shows that in South Africa, the government policy has acknowledged the importance of Small Medium and Micro Enterprises (SMMEs) in the economy. Thus, SMMEs are regarded as the main drivers of employment creation (Clover & Darroch, 2005; Idahosa & Van Dijk, 2016). SMMEs facilitate the potential of self - employment and income generation (Francois, 2015). However, SMMEs are faced with enormous challenges such as lack of obtaining loans from micro lending financial institutions and from commercial banks; municipally laws are not in favour of SMMEs, lack of monitoring and evaluation of SMMEs interventions, and inadequate business skills. SMMEs are also hindered by inaccurate management as well as administration of SMMEs licence applications, lack of business networks, and failure to create and orally present proper business plans (Crush, 2017; Worku, 2017). This study was based on the descriptive research design; hence, it adopted a quantitative research approach in the collection and in the analyses of data. In terms of methods, this study used simple random sampling method which reduces bias in data collection. The study randomly drawn a sample of 80 respondents of both formal and informal SMMEs who were owners/managers of spaza - shops, tuck - shops, retail and wholesale stores, salons, restaurants, clothing stores, hardware and furniture stores. The study also obtained data from street hawkers. Respondents completed their questionnaire with the researcher present to provide assistance where necessary. The data were analysed using Statistical Package for Social Sciences (SPSS) and Microsoft Excel. The findings showed that respondents started SMMEs to make a living since they did not have good education. However, the results revealed that SMMEs were hindered by different challenges and that made them unable to reach their targeted potential of profit maximisation. The challenges included financial constraints, difficult to forecast sales, lack of access to technological advancements, and high transportation costs. To address SMMEs' financial constraints, the study recommends that both public and private sectors should allocate more funds to implement programmes that support SMMEs financially. Since SMMEs had difficulties to forecast sales, the study recommends that SMMEs should collaborate with each other and buy inventories in bulks with discounts, so that they could sell their goods and services at lower prices and increase sales while making profit; in that way, they would even reduce transportation costs. In terms of SMMEs lack of access to technological advancements, the study recommends that SMMEs adopt the use of social media platforms so that they increase their market share.*

**Keywords:** SMMEs, market

## 1. Introduction

The South African Small Business Act 102 of 1996 describes SMMEs into four classes, namely, Survivalist enterprises characterized by income below living standards, Micro enterprises with 5 employees having limited business skills and inadequate formality such as business license. Moreover, Small enterprises constitute less than 50 employees, while Medium enterprises employ not above the maximum of 200 workers (Maloka, 2013). SMMEs contribute 60% of job opportunities in South Africa, and 52% to 57% in the country's Gross Domestic Product (GDP) (Francois, 2015). As a result, the government of South Africa has recognised the importance of SMMEs in the economy. It is for this reason that the government has made grants and some different support to the projects of promoting SMMEs (Bureau for Economic Development, 2016). However, the majority of SMMEs are attributed by failure rates in most cases due to lack of human resource management, as well as financial acumen among others (Sha, 2006; Vandenberg, et al, 2016).

Furthermore, in South Africa, the existence of SMMEs is influenced by all spheres of government ranging from

national all the way to local government (Municipalities); therefore, challenges encountered from mentioned spheres directly obstruct the optimal operations of SMMEs as they strive to be the best in the market and maximise profits (Sihlongonyane, 2006; Nkwini & Munzhedzi, 2016). The problems in question include, but not limited to the lack of access to market, poor infrastructure and access to financial assistance and credit, as well as business skills. Some obstacles faced by SMMEs include inadequacy in the number of educated workforce, difficult labour laws, and inefficient government bureaucracy and high levels of crime (Brown, 2016; Bureau for Economic Development, 2016; Mutoko & Kapunda, 2017).

Therefore, the study is set to provide an overview on challenges faced by SMMEs of the study area during their operations. In terms of addressing challenges faced by SMMEs of the study area, the City of uMhlathuze has established the Small Enterprises Development Agency (SEDA) as the agent to support and strengthen establishment of SMMEs to reduce unemployment and fight inequality. SEDA provides free training classes and other business connections.

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## 2. Literature

### An overview of South African economy

The South African economy has evolved from many years ago, from 1948, 1970, up until today. If tracing the history, it came out that during the period between year 1948 and 1970 the South African economic growth suffered against the oppression of the economy of other countries like Japan. Thus, the government pledged to support the country by controlling labour. As a result, there was delivery of infrastructure and investments to companies and industries that got instructions and restricted from government of that time (Allen, 2002). Further, in the middle of those economic uncertainties, the Western Europe, United States and United Kingdom made huge investments regardless of foreign capital conflict that happened between 1948 and 1960. Later, South Africa suspected the aforementioned Nations with propaganda and selfishness (Allen, 2002). Besides the aforementioned issues, even in democracy, South Africa is still regarded as the emerging country that is dominated by industries and is viewed as the second economy country with utmost Gross Domestic Product (GDP) across African continent (Pisa & Pisa, 2017).

### SMMEs market related challenges

In reviewing the literature based on SMMEs challenges, it came out that even though SMMEs have a number of success stories; they have certain challenges in their development cycles. Literature shows that challenges associated with SMMEs establishment and development do not only exist in South Africa; they even exist in other emerging countries across Africa. Developed nations across all continents also face similar challenges (Kiguel et al, 2005; Tambunan, 2009; OECD, 2016; Rensmann, 2017).

### Global perspective of SMMEs market related challenges

Literature shows that great percentage of initiated SMMEs fails to survive a long period in their operations. The majority die during the period of their first five years (Machado, 2013). However, few SMMEs that adapt to internal and external market environment are likely to survive but their success has no guarantee. When SMMEs survive internal and external obstacles, the growth once again becomes the challenge (Machado, 2013). In India for instance, SMMEs lack the solid eco - system of development. As a result, the stagnant production in manufacturing in various parts of India emanates from lack of enough industries that deal with technological supply to accommodate SMMEs innovations and uplift their market (Subramanian, et al, 2016).

Furthermore, many SMMEs fail to obtain global marketing proficiency and awareness because of inadequate internal resources. These limitations compliment SMMEs failure to meet customers' demand deadlines. This is because customers' demand for supply has increased in a surprising way (Cui, Walsh & Gallion, 2011). In addition to the aforementioned challenges, some SMMEs still struggle to adapt the technological advancement. For instance, the use of email remains a blog for the majority of SMMEs. Other SMMEs respond late to emails and by that time, customers had gone for other alternatives. On the other hand, some

SMMEs do not even use emails and they are far behind with technology (Cui, Walsh & Gallion, 2011).

Moreover, SMMEs in public tendering, face challenges of tender procurement and that deprives them mostly as compared to large companies. Hence, the European Commission is working on solving SMMEs barriers that stop them from magnificently competing for public agreements (Bovis, 2016). However, the majority of European countries' SMMEs, including those based in tourism, have problems of seasonality, high staff turnover as well as labour intensive manufacture and fragmentation (Thomas & Augustyn, 2007).

Even though globalisation has integrated many countries to come together, other SMMEs' problems relate to free trade. In many countries, the barriers of free trade negatively affect SMMEs' survival, as some of them are not fit enough to participate in international market. Thus, globalisation comes with high costs regarding creating and preserving foreign distribution, insufficient security of property rights and import competition (Lenihan et al, 2010). That is why some countries still suffer to gain SMMEs international trade with others. For example, the Australian SMMEs are facing problems of trade obstacles against attaining admittance to the European market. On the other hand, European SMMEs also face the same trade obstacles to attaining Australian market admittance (Bungenberg et al, 2017).

Moreover, SMMEs get the influence from governmental and traditional business ethics in their host nations, which guide their organisational procedures of internationalisation actions. For instance, the foreign European market has a funding from German home support. In addition, SMMEs marketplace for North American has subsidies that are usually made by firms of German, where their known cultural practise permits them to function directly to the market. In Asia, the native companions are in collaboration with leading organisational system. In China particularly, this is because of procedures and business ethics for its local content (Geppert et al, 2016; Paul et al, 2017). Hence, the foreign collaboration with native companions of the host countries can resolve cultural variations. However, due to SMMEs' resource and capacity limitations, the expectation is that these SMMEs should adjust into local settings to prevent market barriers, and be able to stand above large companies' market competition (Geppert et al, 2016; Paul et al, 2017).

### SMMEs market related challenges in South Africa

Literature shows that global challenges of SMMEs have similarities and differences as compared to those experienced in South Africa. The issues of rigid competition still keep South African SMMEs behind the wheel; this is, however, due to extreme red tapes and stiff labour procedures (Timmis, 2017). In response to South African challenges, the South African National Small Business Chamber (NSBC), in 2016, issued the National Business Survey. This survey raised different issues which include poor sales, insufficient funding and inadequate cash flow as the leading SMMEs challenges in South Africa (Tsele, 2016). Furthermore, the German Research Company Fact

Works conducted another survey from South African SMMEs. The findings emanated from the survey shows that acquiring financing for SMMEs growth is a devastating challenge among others (Business Tech, 2017). Further, the discussion below proceeds with South African market related challenges.

### Financial crises

Literature shows that many SMMEs have a problem of financial support, especially to grow their innovations and increase their financial stability. This results into SMMEs owners subjected to financial and economic crisis (OECD, 2009). Among others, SMMEs financial issues emanated from failing to obtain internal financial support; high start - up capital; and high prices of raw material; decrease in sales; high equipment and maintenance costs; as well as high interest rate (Naidu & Chand, 2012). Further, other studies identify SMMEs challenges according to some classifications. First are administrative and operational challenges that focus on inability to access financial support from institutions, such as failure to obtain loans especially for start - up capital; second are sales and debtors' challenges that mostly occur through decrease in sales, while debtors delay to settle their debts on time (Naidu & Chand, 2012).

Nevertheless, in response to eliminate the aforementioned financial crises, there are structured programmes like South African Microfinance Apex Fund (Samaf), which integrates the SMMEs with social organizations that are within and outside government. The main aim of Samaf is to use the local resources to help the establishment and administration of SMMEs (Department of Trade and Industry, 2005). Further, private sectors also carry the responsibility to financially support SMMEs. However, the literature shows that instead of promoting private sectors' financial support, government must intervene against SMMEs market failures due to lack of funds (Minola et al, 2017). Literature indicates that government intervention is through initiatives such as Government Venture Capital (GVC) and Independent Venture Capital (IVC). GVC is responsible for ensuring the success of government' SMMEs programmes, while IVC deals with rising SMMEs financial portfolios (Cumming et al, 2017).

### Rigid labour protection legislation

As ruled in Labour Relations Act of 1995, South Africa has businesses' shared bargaining councils and bargaining bodies that contain the authority for businesses' compliance with legal harmony available at present. The Councils intend to protect workers and employers in the business industry, but in reality, huge unions control them (Bischoff & Wood, 2013). Furthermore, even South African labour laws have important governing problems for the development of SMMEs. Since, SMMEs mostly find it hard to abide with given laws. For instance, it becomes a problem when SMMEs want to retrench some employees, perhaps due to their lack of productivity or when hindered by financial crises. In this case, the given laws favour employees at the expense of employers. Even the South African law of minimum wage deprives SMMEs, particularly those operating at their initial stage. For instance, SMMEs in

manufacturing sector are labour intensive and they face great labour costs (Bureau for Economic Development, 2016).

Furthermore, the literature shows that when SMMEs' profit falls during a long - term period, SMMEs tend to invest more money in technological advancement and innovations while labour costs are kept at minimum to recover the production loss. However, when employees receive lower wages, some quit their jobs, while other unemployed workers take those jobs even if they pay low wages (Cottle, 2017; Storm & Naastepad, 2017). In protection of workers, Basic Conditions of Employment Equity Act (BCEA) standardizes businesses' compliance with working hours and annual and sick leave. It also talks to maternity and family responsibility leave; employment and remuneration; termination of employment; and prohibition of employment for children, and forced labour (Department of Labour, 2017). As a result, labour laws make it difficult for SMMEs to operate effectively, since they are required to abide with restrictions of complicated laws (Hiam et al, 2017).

### Lack of entrepreneurial skills in SMMEs

The literature indicates that poor skills and knowledge to effectively run SMMEs is regarded as a constraint faced by SMMEs, either those who are emerging or already grown. At the earlier stage, SMMEs usually commence in a promising routine, but as time goes by more entrepreneurial skills and experience are required. Without proper skills and experience to entrepreneurship, the supervision of venture becomes an issue and begins to diminish (Nwibo&Okorie, 2013). There is a relationship among entrepreneurial skills as well as organisational performance. As a result, the skills and knowledge of SMMEs management team influences the performance of those particular SMMEs (Carter & Tamayo, 2017).

Furthermore, many SMMEs lack management skills as well as skilled employees. In that way, some SMMEs lack budgeting skills and knowledge needed to succeed. Shockingly, most of them have no bank accounts for managing their finances (Bawole, et al, 2017). Some of these SMMEs fail to differentiate between enterprise capital and profits. As a result, they spend generated capital and down go the whole business operations (Bawole et al, 2017).

### Technology versus human skills

In reviewing the literature, it came out that SMMEs' investments in technology are significant in assisting them to increase their exposure in the marketplace, cut costs and decrease barriers to entry in the market. Technology integrates these SMMEs with newly and existing customers (Mahlaka, 2017). However, employees need to develop and channel everything down into human setting and be productive, because the assumption is that when employees chase technology they become it (Leonhard, 2016). On the other side, technological machines become a stumbling block in human life and lead towards the death of privacy. The literature shows that technology and human clash is getting exposed, which then changes meaning of being human (Leonhard, 2016).

The literature further shows that regardless of how much people shine in their performance, they cannot supersede



machines. In addition, the argument is that some big mechanisms of technological advancement are working under dangerous conditions (Maurino et al, 2017). However, well - educated employees with intellectual skills and extensive focus can lead into magnificent human performance in doing bigger tasks (Isaac, 2017). This is because even technological advancement requires an increase of human skills, which enable the employees to execute their daily routine using technological operations. Even though this initiative calls for more funding and time allocation, the majority of SMMEs are not financially equipped. The increase in technological advancement requires the employment of relevant skilled workers with the capacity to move with technological trends. Through these processes, innovations emerge and the productivity increases. In general, technological advancement calls for scarce skills that are not easily accessible (Van - Horne & Dutot, 2017; Silva & Lima, 2017).

### Low wages and Benefits to SMMEs

Government laws prescribe a certain minimum wage for employees and determine employees who are eligible to receive payment for overtime (FindLaw, 2013). However, some employers fail to exercise the given law. For instance, when employees get sick or take maternity leave, employers have to hire additional employees for replacement, which calls for double payment (FindLaw, 2013).

Further, literature shows that veteran employees in high - income distribution are entitled to receive high benefits during retirement age. This leads to high unproductive old employees who are still working because they chase after more benefits than achieving the business' objectives. On the other hand, people in low - income distribution receive low benefits on or during their retirement. As a result, these employees are likely to work with less effort since they will receive low benefits on or during their retirement, which negatively affect the business (Auerbach et al, 2017). Furthermore, other SMMEs such as those in massive retail stores create many job opportunities while making fewer earnings, which in turn result into low wages to employees; but sometimes low wages are due to few worked hours or substitute for full - time workers by part - time workers (Stainback & Ekl, 2017).

Moreover, employees with high relevant skills obtain high wages because they are more productive in the business. However, well paid employees do not all the times produce expected output. Literature shows that employment benefits depend on the profit made, and how much costs were minimised during a particular financial year (Grugulis et al, 2017). Thus, a prescribed low wage determines payroll taxation; as a result, employers who pay minimum wages also pay less taxation (MaCurdy & O'Brien - Strain, 2000).

## 3. Methodology and Materials

### Research approach and design

The study used quantitative approach as a means of collecting and analysing data. This was done in a form of descriptive research design, whereby quantitative data was collected, analysed and presented in a form of descriptive statistics, calculating frequencies and descriptions to connect

the variables. The findings of quantitative research approach were compared to the existing literature within the field of SMMEs to find out whether they produced different or similar meaning. Descriptive research design is aimed at giving a wide analysis regarding the research problem through the means of making presentations of quantitative data. Heppner et al (2008) support that detailed descriptive research design plays a significant role in the technical process of the study. The usefulness of descriptive design directly depends on the excellence of the research instruments utilised to define the phenomenon, since it is difficult to witness all occasions of the phenomenon. As a result, the researcher cautiously studied the phenomenon through the sample taken from the chosen population.

### Sampling methods and size

This study employed probability sampling method in order to obtain appropriate and adequate data. The study adopted simple random sampling method to obtain socio - economic and demographic data from respondents. In using simple random sampling methods, the names of targeted Small, Medium, Micro enterprises were written in separate pieces of paper and mixed together in the same box and shaken, thereafter the lucky name was picked up in a random manner to be part of the sample. This was to ensure that all respondents get equal opportunity to participate in the study and to remove the issue of bias.

The study anticipated the total sample size of eighty (80) respondents. These respondents consisted of SMMEs owners/managers who run spaza - shops, tuck - shops, street - hawkers, retailers and wholesalers, salons, restaurants, clothing stores, hardware and furniture stores in areas under uMhlathuze Local Municipality. These areas include Vulindlela, eSikhaleni, Empangeni, and Richards Bay.

### Data collection and analyses

This study adopted questionnaires as the tool for primary data collection method. Designed questionnaire was written in English and isiZulu and was distributed to 80 respondents who were SMMEs owners/managers, to enable them to provide precise and accurate answers based on posed questions. The intention was to facilitate the research objectives of collecting demographic data, and to explore social and economic aspects affecting the SMMEs managers/owner's daily business operations. Further, the data collected through questionnaire were utilised to check the consistency and variations in responses from respondents. The questionnaire was designed to contain both close (structured) and open ended (unstructured) questions. The researcher designed a self - administered questionnaire, which was handed over on hand. The study employed Statistical Package for Social Sciences (SPSS) and Microsoft Excel as coding tools to analyse data. Both software were utilised in order to work out and analyse data by means of different functions including descriptive statistics, calculating frequencies and descriptions to ensure the connection of variables. Thereafter, SPSS and Microsoft Excel were also used to produce different tables and relevant graphs.

#### 4. Results and Discussions

##### Demographic characteristics of the respondents

Literature shows that demography and population characteristics is one important variable in the development of SMMEs, thus the section below details this variable.

##### Gender of respondents

With regards to the gender of respondents, findings of the study showed that female respondents formed the majority of the research participants as they constituted 60 percent while male were 40 percent of the respondents. Table 1.1 below summarises the findings.

**Table 1.1:** Gender of respondents

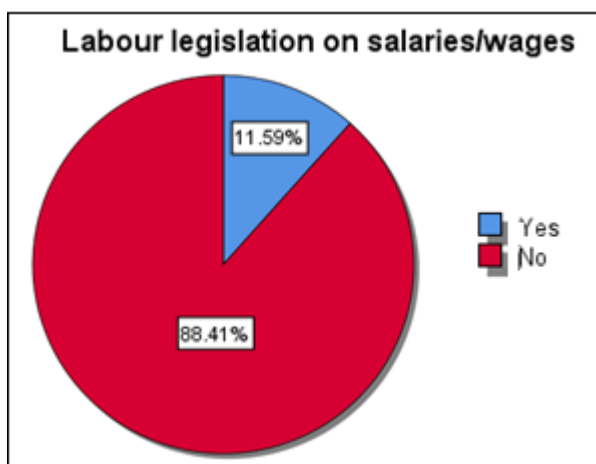
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	32	40.0	40.0	40.0
	Female	48	60.0	60.0	100.0
	Total	80	100.0	100.0	

From Table 1.1 one could read that most SMMEs were run by females compared to males. The findings of this study seemed to reflect the population statistics of the uMhlatuze Local Municipality which shows that there are 187 287 females and 177175 males (UMhlatuze Local Municipality IDP, 2018/2019). So the bigger participation of women in SMMEs could partly be explained in terms of their numerical advantage.

##### General challenges of SMMEs of the study area

##### Labour legislation on salaries/wages

The South African Labour Relations Act of 1995 enacted bargaining councils and bargaining bodies that contain the authority for businesses to comply with legal agreement available at present. The bargaining councils are intended to protect workers and employers in the business industry (Bischoff & Wood, 2013). However, it is commonly said that labour laws in South Africa provide difficulties for growth of SMMEs. Thus, in view of legislation that governs salaries and wages, respondents were to indicate if legislation on salaries and wages affected their SMMEs. Figure 1.1 below presents the results.



**Figure 1.1:** Labour legislation on salaries/wages

Figure 1.1 shows that 88.41 per cent of SMMEs indicated that legislation on salaries/wages did not affect the success of their businesses. Only 11.59 percent of SMMEs indicated that labour legislation on salaries/wages affected their businesses negatively. As a follow - up to the question (if labour legislation had an effect on salaries/wages) respondents were to explain how legislation on salaries/wages affected their businesses. Those who were positive about the legislation on salaries and wages explained that this legislation helped them to manage paying their employees on time in that the processes were fair towards both employees and the employer. Further, the respondents specified that through guidelines of this legislation, they provided fair wages to employees and they were complying with guidelines of the legislation. Those who indicated that the legislation on salaries and wages had no effect on the success of their SMMEs stated that they paid their employees on the basis of commission. However, these findings contradict Hiamet *al's* (2017) who state that labour laws make it difficult for SMMEs to operate effectively.

##### Incompetent suppliers of SMMEs

Respondents specified that their suppliers did not help their SMMEs to be successful because in some cases, these suppliers would not deliver the inventories as required. Literature shows that the supplier is recommended if it is able to supply the requested products at a right time, quality and quantity. Therefore, failure to do so leads to compromised and unreliable buyer - supplier relationship (Pooe et al, 2015). Moreover, respondents stated that if they had no money to buy stock for sales; they got nothing on credit from their regular suppliers, not even a discount. It is pivotal to maintain a buyer - supplier relationship in order to provide satisfactory deliverables and be sustainable in the market because it is clear that SMMEs need suppliers, and suppliers need SMMEs to keep up; so they must strengthen their collaboration.

##### The effects of labour Relations Act in SMMEs

The respondents showed two factors that made the Labour Relations Act not to contribute in the success of SMMEs. These were setting guidelines for commission work, and SMMEs owners who work without employees. In terms of setting guidelines, respondents stated that the Labour Relations Act did not help in the success of their businesses since employees were paid through commission which used the principle of no work no pay. As a result, the respondents worked from Monday to Sunday without any proper rest. Further, the respondents also expressed the issue of SMMEs owners who work without employees. Respondents stated that this act did not apply to them because they worked alone without employees so they did things the way they wanted without following this Act.

##### Market related challenges in the functioning of SMMEs of the study area

Despite the fact that the other of respondents indicated that SMMEs did well in their operations, however, the respondents also pointed out that their SMMEs faced some market related issues as highlighted below:

- Respondents indicated that their SMMEs were hindered by financial constraints. Therefore, it was hard for these

SMMEs to hire more employees as their budgets did not allow them to do so.

- Respondents stated that their SMMEs' sales fluctuated. Hence, they decided to use their own experience to run their SMMEs instead of adding employees since the sales were uneven.
- Respondents outlined lack of machines to work as the major challenge for SMMEs to function accordingly and meet the deliverables.
- SMMEs lacked access to technological advancements, and it became hard for these SMMEs to implement their plans accordingly.
- Transportation costs increased due to petrol price increments. This happened when customers demanded goods that were not in the proximity; therefore, transport was needed to deliver these goods from the suppliers to businesses.
- There was misuse of SMMEs money without following proper systems; this was because SMMEs' owners/managers were taking business money whenever they wanted to do so.

Thus, in relation to the above discussion, the literature shows that many SMMEs have a problem of financial support, especially to grow their innovations and increase their financial stability. This results into SMMEs owners subjected to financial and economic crisis (OECD, 2009). Among others, SMMEs financial issues emanate from failing to obtain internal financial support, high start - up capital, and high prices of raw material, decrease in sales, equipment and maintenance costs as well as high interest rate (Naidu & Chand, 2012). Moreover, the South African National Small Business Chamber (NSBC) in 2016 issued the National Business Survey. The survey raised different SMMEs issues which included insufficient funding and inadequate cash flow as the leading SMMEs challenges in South Africa (Tsele, 2016).

Further, the literature shows that SMMEs still struggle to adapt to technological advancement. For instance, the use of email remains a stumbling block for the majority of SMMEs. Other SMMEs respond late to emails and by that time, customers would have decided to go for competitors. On the other hand, some SMMEs do not even use emails and they are far behind with technology (Cui, Walsh & Gallion, 2011). Moreover, another SMMEs' issue is the transportation cost, based on this issue, the literature indicates that transportation costs are worst in many modes of transport that businesses use such as train and air carriage but they save time and avoid delays (Weltman, 2009).

Based on the above discussions about SMMEs market related challenges, reflecting the presentation of findings on the results; and the literature that underpins the study. The study observes that there is consistency among the findings and the literature.

## 5. Conclusion and Recommendations

### 5.1 Conclusion

This paper investigated the SMMEs market related challenges of the study area. The findings of this paper

revealed that even though SMMEs were doing well in their operations, thus, managed to maximise profit and income generation. However, during the journey they also experienced some challenges. In general, respondents highlighted labour legislation on salaries/wages, incompetent suppliers, and Labour Relations Act as challenges that hindered the attainment of high targets performance by SMMEs of the study area. While, in broader terms, respondents indicated that financial constraints, difficult to forecast sales, lack of access to technological advancements, and high transportation costs were major challenges against their operations.

### 5.2 Recommendations

Based on the findings and results of this paper, the paper proposes the following recommendations to address the challenges faced by SMMEs of the study area.

- In terms of financial constraint the paper recommends that designated officials from municipalities, government departments, government entities, private sector and agencies should conduct entrepreneurial workshops and/or awareness campaigns with SMMEs of the study area so that these SMMEs would be taught about the financial support available at that particular time. The study also recommends that SMMEs owners/managers should visit aforementioned government institutions and the private sector to get more information about financial support available.
- With regards to inconsistent sales the paper recommends that SMMEs owners/managers should sell products that are mostly demanded by customers instead of selling what they think is better for customers even though it is not on demand. Further, SMMEs owners/managers should also sell their goods and services at the affordable prices. The paper also recommends that it would be better if SMMEs work together and combine their similar items' buying orders, so that they buy these items in bulks with discounts from suppliers.
- Regarding the lack of access to technological advancement the paper recommends that SMMEs should move with current existing technology such as adopting social media platforms, emails, and free slots on local radio and television stations.
- In terms of high transportation the paper recommends that it would be better if SMMEs would buy from local suppliers to minimise costs; they could also buy some of the items at the lowest prices through online stores, such as Take a Lot, Bid or Buy, E - bay or Alibaba. These online stores are cheaper with low transportation costs as compared to hiring, for example, a car or a truck to deliver inventories from suppliers; all needed is access to internet.
- With regards to the misuse of funds by SMMEs; the paper recommends that it would be better if SMMEs owners/managers would join SMMEs supporting Agencies and Incubators that deal with non - financial support programmes. This would help SMMEs owners/managers to gain proper financial management knowledge, expertise, and skills.



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