

UNIVERSITY OF KWAZULU-NATAL

**THE ROLE OF SMMES IN POVERTY ALLEVIATION:
THE CASE OF RICHMOND LOCAL MUNICIPALITY,
KWAZULU-NATAL**

BY

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**A DISSERTATION SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR THE
DEGREE OF
MASTER OF COMMERCE**

**SCHOOL OF MANAGEMENT, INFORMATION TECHNOLOGY AND GOVERNANCE
COLLEGE OF LAW AND MANAGEMENT STUDIES**

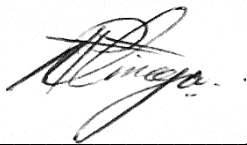
2019

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DECLARATION

I, **Patience Thandeka Ntinga** declare that

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- II. This dissertation has not been submitted for any degree or examination at any other university.
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Patience Thandeka Ntinga

30 April 2019

Date

ACKNOWLEDGEMENTS

To the Alpha and Omega;

Sovereign God I acknowledge Your manifold wisdom that guided me; Your strength that invigorated me; and Your enabling grace that kept me through the course of this study until I successfully completed.

Indeed, “. . . *all things are possible to him that believeth.*” - **Mark 9:23 (KJV)**

I would like to also express my gratitude to the following individuals, who contributed to the successful completion of this study:

- ❖ My supervisor, Dr V.W. Gamede, for his expertise, guidance and constructive criticisms.
- ❖ Sincere thanks and appreciation go to my parents, thank you for all that you have done and continue to do. Most importantly for always believing and encouraging me to go for my aspirations.
- ❖ My family and friends for their prayers, unwavering encouragement and support which kept me going.
- ❖ The National Research Foundation for the financial assistance.
- ❖ Dr Gill Hendry, her efficiency and assistance in the statistical analysis of the raw data.
- ❖ The Richmond local municipality representatives for granting me permission to conduct the study.
- ❖ The respondents of the study, I truly appreciate the time and opportunity you gave me out of your busy schedules.
- ❖ I am also appreciative of all the authors and scholars whose works and thoughts were utilised in this dissertation.

DEDICATION

I dedicated this dissertation to my Mother, **Bajabulile Ntinga**.

Mom, from the bottom of my heart I thank you for everything. If I turn out to be half the woman that you are, that would be undoubtedly my greatest achievement.

ABSTRACT

The Apartheid era in South Africa can be agreeably noted as a system of the past, but unfortunately its effects still find access to the South African communities to this day. It is the legacy of this era that still shackles the majority to poverty, due to the economic, political and social distortions. Thus, poverty in the Richmond local municipality was the focus of the study. The aim of the study was to discover the role that Small Medium and Micro Enterprises of this municipality play in alleviating poverty. Small Medium and Micro Enterprises are recognised across the globe as engines of economic growth, as they are key in the economic development and job creation which are critical in poverty alleviation. These types of business establishments have been the strength of economic development in South Africa, as the country is confronted with a challenge of poverty and unemployment which is reported at a high of 28.7% in the first quarter of 2018. The South African government recognises the importance of this sector of business activity, so much so that a ministry of Small Business Development was established in early 2014.

This study condenses poverty that arises from economic, political and social distortions to absolute and relative poverty concepts and as a way of determining the role played by the Small Medium and Micro Enterprises in the Richmond local municipality. Moreover, Business Social Responsibility initiatives that focused on the employees, customers, environment and community were also ascertained. A quantitative data collection method was used to collect data from a sample of fifty-one (51) Small Medium and Micro Enterprises; and a complete enumeration survey was utilised. Questionnaires with closed-ended questions were used to collect data from the Small Medium and Micro Enterprises, and the response rate of the Small Medium and Micro Enterprises was 94.44%. Data was then analysed using the Statistical Package for Social Sciences version 22.0. The data was further analysed quantitatively using descriptive and inferential statistics. The results of the study largely revealed that Small Medium and Micro Enterprises play a significant role in the alleviation of poverty in the Richmond local municipality. Furthermore, the study established the age group 41 – 50 years to be the most active age group in these Small Medium and Micro Enterprises and most of the respondents have secondary education. Additionally, the results reveal that most of the Small Medium and Micro Enterprises have been in operation for over 6 years and general dealers are the leading nature of Small Medium and Micro Enterprises. Of the study recommendations, is that the Municipality works hand in hand with Small Medium and Micro Enterprises in the pursuit of alleviating poverty; Small Medium and Micro Enterprises seek alternative streams of funding and that they continue exhaustively partaking in the non-monetary dependent Business Social Responsibility initiatives.

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LIST OF ACRONYMS

ANC	African National Congress
ANOVA	Analysis of Variance
ASGISA	Accelerated and Shared Growth Initiative
BBBEE	Broad Based Black Economic Empowerment
BER	Bureau for Economic Research
BSR	Business Social Responsibility
CDG	Care Dependency Grant
CSG	Child Support Grant
CSR	Corporate Social Responsibility
DG	Disability Grant
DSD	Department of Social Development
DV	Dependent Variable
Ed.	Edition
Eds.	Editors
FASSET	Finance and Accounting Services Sector Education and Training Authority
FCG	Foster Child Grant
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution
IDP	Integrated Development Plan
IFC	International Finance Corporation
IFP	<i>Inkatha</i> Freedom Party
IV	Independent Variable
KZN	KwaZulu-Natal
LED	Local Economic Development
MSMEs	Micro, Small and Medium Enterprises
MV	Moderating Variable
NBSSI	National Board for Small Scale Industries
NSB	National Small Business
RDP	Reconstruction and Development Programme
SA	South Africa
SASSA	South African Social Security Agency
SME	Small and Medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
SOAP	State Old Age Pension
SPSS	Statistical Package for Social Science
Stats SA	Statistics South Africa
TIPS	Trade and Industrial Policy Strategies
UBPL	Upper-Bound Poverty Line
UDM	United Democratic Movement
UKZN	University of KwaZulu-Natal
UNIDO	United Nations Industrial Development Organisation
VAT	Value-Added Tax

CHAPTER ONE

INTRODUCTION, BACKGROUND CONTEXT OF THE STUDY

The objective of this chapter is to present the background context and justification for the study. Likewise, the statement of the research problem and need for this study is discussed. Furthermore, the research objectives and research questions of this study are provided. Lastly, the research methodology of this study is briefly discussed.

1.1 INTRODUCTION

The Oxford Learners Dictionary defines the word role as being “the degree to which somebody or something is involved in a situation or an activity and the effect that they have on it” (Oxford Learners Dictionary, 2017). According to West and Tari (2013) poverty can be well-defined with three concepts, which are: basic needs, capability and income. Moreover, West and Tari (2013:11) states “of these, the most commonly used concept is income, according to which a person is poor if her income is below a certain amount. The basic needs concept considers the material requirements for a minimally fulfilling life. These are normally understood to include factors such as basic health care and education. The capability perspective concentrates on basic needs such as adequate nutrition, clothing, and shelter, but also considers social aspects such as partaking in the life of a community.” Likewise, according to Budge and Parrett (2018:29), “Poverty in its most general sense is the lack of necessities.” Moreover, Ogbeide (2015) observes the core of poverty to be inequality, set differently with a simple meaning to poverty being relative deprivation.

1.2 BACKGROUND AND CONTEXT OF STUDY

The study focused on formal Small, Medium and Micro Enterprises (SMMEs) in the Richmond local municipality situated within the Umgungundlovu District Municipality, KwaZulu-Natal which is predominately rural. Nieman (2006) notes that politicians highlight the significance of small businesses as an instrument for innovation, job creation and long-term growth of economies. The Bureau for Economic Research (BER) (2016:6) notes “In South Africa, government recognises the importance of this segment of business activity, so much so that a new Ministry of Small Business Development was established in early 2014. The aim of the Ministry is to facilitate the promotion and development of small businesses. These enterprises contribute significantly to national Gross Domestic Product (GDP) and have proved to be major contributors to job creation.” Furthermore, Nieman (2006:12) highlights the importance of SMMEs in South Africa (SA), and notes that policy makers have shown interest towards SMMEs and this is because *inter alia*, SMMEs “allow for more competitive markets; often use local recycled resources; they play a vital role in technical and other

innovation, they can adapt more rapidly than large organisations to changing tastes and trends; workers at the smaller end of the scale often require limited or no skills or training: they learn on the job; they provide opportunities for aspiring entrepreneurs, especially those who are unemployed, under-employed or retrenched.” Additionally, Nieman (2006) observes the role played by the small businesses towards SA’s economy, is through their contribution to the GDP and in employment.

1.3 RESEARCH PROBLEM STATEMENT AND RESEARCH OBJECTIVES

The research problem statement and research objectives of the study are discussed below.

1.3.1 PROBLEM STATEMENT

SA is confronted with key challenges such as developing sustainable small businesses, low levels of employment and education; as well as inequality and a pressing need to strengthen economic growth. The effects of these key challenges have exacerbated poverty; as a result, several people alike to the Richmond local municipality residents are involved in SMME activities in efforts to alleviate poverty. According to Bradshaw (2007), poverty finds root in the economic, political, and social system which causes individuals to have inadequate resources and opportunities to achieve income and well-being. In efforts to address these issues, the government has various initiatives and policies focused at poverty alleviation. However, these poverty alleviation initiatives and policies have shortfalls, which the SMMEs improve upon. The gap that government leaves in the alleviating poverty is the problem that this study sought to investigate. A notable number of individuals have successfully applied their entrepreneurial skills in establishing SMMEs, which are able to fill the gap that the various government initiatives and policies could not achieve. These SMMEs not only benefit the establishers, even individuals in those areas benefit one way or another; in the form of employment opportunities or from the business social responsibility initiatives implemented by these SMMEs. Successively, the individuals’ standard of living is improved, and poverty is alleviated. The actual problem therefore is that government alone does not fully address the problem of poverty. Hence, the study sought to investigate if the SMMEs do bridge the gap in alleviating poverty.

Fields (1990:49) notes “Most persons’ standards of living are determined by their labour earnings. Consequently, rising real wages at full employment are rightly viewed as a primary means of improving standards of living.” Moreover, as individuals experience a lack of regular income, they become unable to maintain basic needs, including necessities such as eating healthy foods, buying into health care and providing adequate heating for the home. The rationale of the study is to investigate the role that formal SMMEs play in the alleviation of poverty in the Richmond local municipality. The inability to investigate the role played by the SMMEs, be either good or bad, in the municipality might mean that important information relating to poverty alleviation in the municipality might be

undermined. Therefore, investigating the role played by SMMEs in the Richmond local municipality is imperative.

1.3.2 RESEARCH OBJECTIVES

The objectives of this study were:

1. To ascertain the role played by the Richmond local municipality SMMEs in the alleviation of absolute poverty
2. To ascertain the role played by the Richmond local municipality SMMEs in the alleviation of relative poverty
3. To determine the role played by the Richmond local municipality SMMEs towards local community social responsibility

1.3.3 RESEARCH QUESTIONS

The research questions underpinning this study were:

1. What role do Richmond local municipality SMMEs play in absolute poverty alleviation?
2. What role do Richmond local municipality SMMEs play in relative poverty alleviation?
3. What role do Richmond local municipality SMMEs play towards local community social responsibility?

1.4 RESEARCH HYPOTHESES

1.4.1 Hypothesis 1: These are the proposed hypothesis relating to the first objective:

H₀: There is a no role played by the SMMEs towards absolute poverty alleviation in the Richmond local municipality

H₁: There is a role played by the SMMEs towards absolute poverty alleviation in the Richmond local municipality

1.4.2 Hypothesis 2: These are the hypothesis relating to the second objective:

H₀: There is a no role played by the SMMEs towards relative poverty alleviation in the Richmond local municipality

H₁: There is a role played by the SMMEs towards relative poverty alleviation in the Richmond local municipality

1.4.3 Hypothesis 3: These are the hypothesis relating to the third objective:

H₀: There is a no role played by the SMMEs towards social responsibility in the Richmond local municipality

H₁: There is a role played by the SMMEs towards social responsibility in the Richmond local municipality

1.5 RATIONALE OF STUDY

The presence of SMMEs in SA has created a living hope for the citizens, more especially for the unemployed youth. This study explored the role played by formal SMMEs in providing the needed help in the alleviation of poverty in the Richmond local municipality. Quite a few studies have been undertaken on SMMEs, but there has been no reported study that seeks to find out if there is a

significant role played by SMMEs in alleviating poverty, particularly in the Richmond local municipality. Correspondingly, there has been no official and systematic track record that has been given to the question on the extent; or rather, the role of formal SMMEs in the alleviation of poverty in the Richmond local municipality. Several studies have revealed SMMEs to having a rather enormous role in alleviating poverty and in contributing to the country's economic growth. Consequently, owners of these businesses have improved not only their lives as entrepreneurs but also the lives of their employees and communities at large.

Hence, exploring the role played by SMMEs in poverty alleviation is vital. These entrepreneurs have a tremendous resilience which needs to be investigated to establish their effectiveness in participating in the Local Economic Development of the Richmond local municipality and communities at large. As noted by the Richmond local municipality (2018:62) "SMMEs in Richmond local municipality have indicated their needs as derived from the constraints that they are currently facing in running their businesses. In other words, the needs of the SMMEs also represent the challenges that they face." Essentially, SMMEs do not have as much needed attention in terms of development and growth. Hence, the study intended to provide useful information which can be used for SMMEs' growth and development. Moreover, the intent of the study was to provide the Richmond local municipality with findings which would be useful in determining areas of focus in terms of supporting these SMMEs. Thus, embarking on this study has brought forth valuable information for the community and municipality, to therefore support or reproach these SMMEs by providing insights into the important role played by SMMEs in poverty alleviation initiatives.

1.6 OVERVIEW OF RESEARCH METHODOLOGY

The research methodology of the study comprised of the following components: four renowned research worldviews which are namely, post-positivist/positivist; constructivists; pragmatism and advocacy or participatory, these worldviews are said to be, "basic set of beliefs that guide action" (Petersen & Gencel, 2013:1). The study site was the Richmond local municipality and the target population were the formal SMMEs. The research design adopted by the study was a quantitative research method and the study had an aim of being both descriptive and explanatory in nature. Moreover, a non-probability sampling method was used with complete enumeration. The study utilised primary and secondary data collection methods in addressing the research objectives of the study. The secondary data utilised were textbooks; academic websites; peer-reviewed internet published journal articles; and municipal and government websites. For the primary data, a questionnaire was utilised to collect the data. The researcher used personally administered questionnaires with closed-ended questions, and a Likert scale was utilised to construct questions that were in the questionnaires. Data

collected from the completed questionnaires was captured and statistically analysed using Statistical Package for Social Sciences version 22.0. Furthermore, the data was analysed through descriptive statistics by way of tables and bar graphs and inferential statistics were applied such as Chi-square, Analysis of Variance and one sample *t*-test.

1.7 STUDY LIMITATIONS

In terms of the limitations of the study, it could be mentioned that there is a scarcity of prior research studies on SMMEs in the Richmond local municipality, that the researcher could review relevant literature in accordance to the study. Moreover, sources that deal with poverty alleviation of SMMEs particularly in KwaZulu-Natal that the researcher can work on is inadequate. Consequently, the researcher faced a limitation of citing existing research studies done in Richmond, which pertain to the research study. This existing information would have greatly informed the basis of the literature review and aid in understanding the research problem at hand. Nevertheless, to address this limitation, the researcher will use descriptive and inferential statistics to examine and draw conclusions that will enhance the understanding of the research problem.

1.8 STRUCTURE OF THE DISSERTATION

Chapter 1: *Introduction, Background Context of the Study*

This chapter is an introductory chapter that introduces the study; contains the background and context of the study; the research problem statement; the research objectives and questions that underpin the study. Moreover, the research hypothesis for each objective are outlined; also, an overview of the research methodology is provided, along with the study limitations, and then concludes with the structure of the dissertation.

Chapter 2: *Literature Review*

This chapter contains a comprehensive literature review, which starts of by defining the main concepts that will be guiding the study, such as SMMEs, poverty and Business Social Responsibility (BSR). Correspondingly, the chapter highlights the context of poverty for both SA and the Richmond local municipality. Further, it discusses the various poverty alleviation government policies and initiatives; the role of SMMEs in poverty alleviation and discusses BSR. Also, it provides a discussion of the theoretical and conceptual frameworks that underpin the study.

Chapter 3: *Research Methodology*

In chapter three, the research paradigm, philosophy and design are discussed. Thereafter, the chapter provides the study site and target population of the study; study sample size; and method of sampling.

It further offers a discussion of the data collection methods and the analysis of data. Lastly, it provides the ethical considerations.

Chapter 4: *Data Analysis and Presentation of Results*

This chapter presents and analyses the study findings. It provides the response rate; how the validity and reliability of results are ensured; descriptive and inferential statistics are also included in this chapter; moreover, analysis of each objective of the study is presented.

Chapter 5: *Discussion of Research Findings*

Chapter five examines the findings of the study using both descriptive and inferential statistics; it further discusses and provides the conclusions of the proposed hypothesis based on the findings of the study.

Chapter 6: *Conclusions and Recommendations*

In chapter six conclusions are drawn and recommendations are provided based on the empirical findings; the chapter also provides the limitations of the study and offers suggestions for future research studies.

1.9 SUMMARY OF THE CHAPTER

This chapter dealt with the introduction of the study; the background and context of study; research problem statement; research objectives; research hypotheses and rationale of study. Furthermore, this chapter presented the study limitations; structure of the dissertation and overview of the study research methodology. The succeeding chapter will rummage into existing literature regarding the main points of this study, with the pursuit of gathering information that will assist the researcher to ascertain the research objectives of the study.

CHAPTER TWO LITERATURE REVIEW

2.1 INTRODUCTION

This chapter sought to review the literature which relates to the focus of the study, which would subsequently provide insight to the research objectives and hypothesis of the study chapter. Hence, this chapter discussed the conceptual definitions that support the study; poverty trends in the South African and the Richmond local municipality context. Moreover, literature pertaining to poverty alleviation was reviewed; the role of SMMEs in poverty alleviation; and the theoretical and conceptual framework underpinning the study was presented.

2.2 CONCEPTUAL DEFINITIONS

This section of the study provides the main conceptual definitions found in the study.

2.2.1 Entrepreneurship

Peeverelli and Song (2012) note how there is a lack of mutual understanding when it comes in precisely defining what entrepreneurship is. Thus, looking into a few definitions of entrepreneurship from eminent scholars of entrepreneurship will be of assistance in getting an idea of the extent of the diversity. Below are the definitions of entrepreneurship from eminent scholars:

Cole (1949)	A purposeful activity to initiate, maintain and aggrandize a profit-oriented business
Lumpkin and Dess (1996), Low and MacMillan (1988), Gartner (1988)	New entry; the creation of new enterprises/ organizations
Rindova, Barry, and Ketchen Jr, (2009)	Entrepreneurship is the efforts to bring about new economic, social, institutional, and cultural environments through the actions of an individual or group of individuals.
Stevenson and Jarillo (1990)	The process by which individuals pursue opportunities without regard to the resources they currently control
Wiklund (1998)	Taking advantage of opportunity by novel combinations of resources in ways which have impact on the market

Source: Peeverelli and Song (2012:11-12)

Moreover, entrepreneurship is defined as a field involving the study of sources of opportunities; the processes of discovery, evaluation, and exploitation of opportunities to introduce new goods and services; and the set of individuals who discover, evaluate, and exploit those ways of organising, markets, processes and raw materials through organising efforts that previously had not existed (Venkataraman, 1997; Shane & Venkataraman, 2000; Mbhele, 2012).

Burns (2016) notes how entrepreneurship has come to be something that society, governments and organizations of all sizes and forms wish to encourage and promote. Whether it be creating a new venture or breathing life into an old one, whether it is creating new products or finding new ways to market old ones, whether it is doing new things or finding new ways of doing old things.

2.2.2 Small, Medium and Micro Enterprises (SMMEs)

Van Scheers (2016:42) notes the term ‘SMME’ is used to define small, medium and micro enterprises. In SA, a SMME is identified by the number of employees per enterprise-size classification jointly with the annual turnover classification, and the gross assets without fixed property. However, Hayford (2012) notes that there is no universally accepted definition of SMMEs. Diverse authors describe SMMEs differently, some distinguish the SMMEs in terms of capital assets whereas some on the bases of turnover and skills. Sharafat, Rashid and Khan (2014:68) provide a classification of SMMEs in developing countries as follows:

- Small businesses with 5 to 19 workers;
- Medium businesses with 20 to 99 employees;
- Micro businesses with less than five workers;
- Large businesses with 100 or more employees.

Whereas, Sharafat, Rashid and Khan (2014:68) provide a classification of SMMEs in developed nations as follows:

- Small businesses with 99 or less employees;
- Medium businesses with 100 to 500 employees;
- Large businesses with 500 or more workers.

Different countries have defined SMMEs based on their local operations and conditions. It should be noted, therefore, that certain definitions might not be applicable in certain regions or settings. For instance, small businesses in Ghana adopt the definition by the National Board for Small Scale Industries (NBSSI). The NBSSI, as quoted in Agyapong (2010), provides an operational definition of SMMEs to include the following: a small business is any job that uses up to 29 people and it is split into the micro and small and medium enterprises. According to Agyapong (2010:198), “a small business is any business that employs up to 29 people. They are divided into micro, small, medium and micro enterprises, employing up to 5 employees with fixed assets (excluding land and building) not exceeding the value of \$10 000; small enterprises – employ between 6 and 29 employees or having fixed assets excluding land and building not exceeding \$100 000 and medium enterprises – employ between 30 and 99 employees with fixed assets of up to \$1m.” (Agyapong, 2010:198). The issue of what constitutes a small or medium enterprise is a main concern in SA, as it is in other countries. Several authors have typically given different descriptions to this grouping of businesses. The

International Finance Corporation (IFC) (2009) states, “A common definition of SMEs includes registered businesses with less than 250 employees” (IFC, 2009:9). Moreover, in SA, a ‘small business’ is officially fixed in Section 1 of the National Small Business (NSB) Act No. 102 of 1996 as amended by the National Small Business Amendment Act No. 26 of 2003 and Act No. 29 of 2004 (NSB Act) as:

. . . a separate and distinct business entity, together with its branches or subsidiaries, if any, including co-operative enterprises [and non-governmental organisations], managed by one owner or more [which, including its branches or subsidiaries, if any, is] predominantly carried on in any sector or subsector of the economy mentioned in column 1 of the Schedule¹ and [which can be] classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule.

Further, the Trade and Industrial Policy Strategies (TIPS) (2017) state the White Paper provided an initial broad classification of small businesses across four categories: survivalist activities, micro enterprises, small enterprises and medium-sized enterprises. It used the general term “small business” and the abbreviation “SMMEs” to define the diversity of small business. Each category adopted by the White Paper is depicted by Table 2.1 below:

¹ Refer to Appendix A

Table 2.1: Categories and Description of SMME

CATEGORY OF SMME	DESCRIPTION
Survivalist Enterprises	<p>These are business pursuits performed by individuals who are incapable of securing a paid job or are unable to enter their economic sector of choice. No money is invested; little-to-no skills training is needed, and these enterprises have finite opportunities for developing into registered, viable businesses.</p> <p>Poverty and the necessity to afford basic nourishment are the central drivers for starting this kind of enterprises. It is argued that these enterprises cannot be regarded as viable micro-enterprises, nevertheless some ultimately attain such a position.</p>
Micro-Enterprises	<p>These enterprises are very small and normally have one owner; a maximum of two paid employees and some family member participation.</p> <p>They typically lack in formality such as business licences, business premises, operating permits, value-added tax (VAT) registration, and accounting systems. Most of them have a restricted capital base and those that operate the business lack basic technical and business skills. Nonetheless, a substantial number of micro businesses are recognised viable enough to develop into small businesses.</p>
Small Enterprise	<p>These enterprises have employment levels between five and 50 individuals and comprise most of the established businesses. They are likely to be tax registered; administrate business operations from a business or industrial premise and fulfil other formal registration requirements.</p>
Medium Enterprise	<p>These enterprises form a category of businesses between small and big businesses. They are viewed as owner/manager controlled, and as significant enterprises with strong capabilities. Employment levels range from 200 people and capital assets (excluding property) are about R5 million, and it is perceived as the maximum thresholds.</p>

Source: Trade and Industrial Policy Strategies (2017:19)

According to Motsukunyane (2013), the South African government has observed how SMMEs are innovative, which in turn results to market competition and the advancement of quality products and services being supplied to the customers. Moreover, Motsukunyane states how SMMEs have been a revolving assessment amongst scholars, this is because SMMEs are the mainstay of economic growth in SA. Motsukunyane (2013:8) provides an apt insight of economic growth, as being “the increase in

the production of resources and the discovery of new resources with advanced techniques in order to distribute the resources amongst the citizens with the aim of promoting wealth.” Additionally, SMMEs are said to fit into the context of economic growth where a market is subjected to scarce demand of specific products and services; thus, meaning SMMEs are generally the ones to supply those products, as they function in a small market with less demand.

According to the World Bank report (Sulla & Zikhali, 2018) the three prime economic development challenges confronting SA are high degrees of poverty, inequality and unemployment. Ramasobana and Fatoki (2014) note how SMMEs are seen to be taking on a crucial role in SA as well as in the economic systems of many nations. Likewise, Jeppesen, Kothuis and Ngoc Trans (2012) point out that micro enterprises have a substantial role and influence when it comes to social issues such as, working conditions, income and the working environment and environmental issues such as, pollution and sustainable development. However, According to Ramasobana and Fatoki (2014), micro enterprises tend to be ignored, purposely or inadvertently in small business research. These micro enterprises entail mostly survivalist SMMEs who seemingly are incapable of committing to social responsibility initiatives. Adeniran and Johnston (2012) observe the failure rate of SMMEs in SA is between 70% and 80%. Similarly, Ramasobana and Fatoki (2014) report that the high failure rate of SMMEs induces doubt on the sector’s ability to create sustainable employment and to subsequently reduce poverty, therefore the survival of SMMEs is of vital importance in SA. Turyakira Venter and Smith (2012) believe the activities of BSR can benefit the SMMEs and are able to advance the survival rate of SMMEs and may offer great opportunities. Thus, the adoption of BSR can help to cut the high failure rate of SMMEs in SA or business competitiveness, locally and globally.

Moreover, ChikwenduEzennia, Mutambara and Indermun (2015) argue how these small businesses create employment and income opportunities for many individuals, and their continual supply of cheaper and symbolically important goods and services to the urban minorities. Gatt (2012) notes how the share of employment in the SMME sector has progressively improved, with medium enterprises at 10%, small enterprises at 20%, micro enterprises’ share of employment being 30%, while 50% accounts for large enterprises. However, Pett, Wolff and Sié (2012) state that the accounts in Sub-Saharan economies are 99.5% shares of SMMEs’, whereas the large enterprises’ market shares are 0.5%. Agyapong (2010) highlights the role of micro, small and medium enterprises (MSMEs) in alleviating poverty in Ghana. The author is of the view that town and rural founded MSMEs aid in producing jobs and increasing income of the citizenry. This improved income benefits the people to obtain better schooling, health facilities and empowers them to capture rid of the vicious circle of

poverty. Furthermore, development in small and medium enterprises (SMEs) also contributes to human capital through job training.

According to Cant and Wiid (2013), SMMEs are well acknowledged on their ability to develop a country's economy; create employment opportunities; alleviate poverty in developing countries, to ameliorate the ever-cumulative unemployment issue that countries encounter, and in contributing to GDPs. Likewise, in the same token where SMMEs are said to be alleviating poverty, Masupha (2014) adds that these enterprises create employment opportunities for poor people through the creation of new enterprises or the development of existing enterprises. Masupha (2014:9) further describes "the poor people benefiting from SMMEs are classified under five categories:

- (i) Owners of micro enterprises who mostly establish their businesses for survival;
- (ii) The employed poor people working in the small businesses;
- (iii) People who depend on these poor workers and owners of small businesses, families and friends;
- (iv) The unemployed sector of poor people who might get employed in these businesses and;
- (v) The poor people who purchase from these small businesses because of convenience and low costs."

2.2.3 Poverty

According to Mbuli (2009), poverty is a multifaceted phenomenon that has different meanings for different people regardless of whether it is being scrutinised within the same subject area. Likewise, Richmond (2007) notes that poverty can be understood in a broad or narrow sense. Poverty in its narrowest sense means the lack of income. Whereas, in a broader sense poverty can be understood in multiple dimensions and incorporates additional issues such: as a lack of education, housing, health, access to services and other opportunities to gain access to resources. Overall, a definition of poverty is envisioned to encapsulate the deprivation undergone by an individual (Lekezwa, 2011; World Bank, 2000; Sen, 1976). Moreover, Richmond (2007) observes that an important trend in discourse of poverty is the view of material lack, particularly the lack of essential resources needed for survival.

Additionally, Eminue (2005) notes poverty as a state whereby an individual is unable to provide sufficiently for his or her basic need for shelter, food, and clothing; the inability to meet economic and social obligations; lacking lucrative employment, skills and assets; and has restricted access to economic and social infrastructure such as: health, education, sanitation and drinkable water. Additionally, Ololube (2015:393) refers to poverty as "a situation where citizens lack a certain amount of material possessions or money. It can include the deprivation of basic human needs, which commonly includes food, water, sanitation, clothing, shelter, health care and basic education.

Therefore, it implies a comparative poverty that manifest economic inequalities in societies.” Consequently, an individual confronted with this specific poverty has inadequate opportunities of progressing his or her wellbeing to the maximum of his or her capabilities. Moreover, Sen (2001:86) notes “poverty must be seen as the deprivation of basic capabilities rather than merely as lowness of incomes, which is the standard criterion of identification of poverty.”

According to Sen (2001), the standpoint of capability-poverty does not include any rebuttal of the realistic observation that low income is evidently one of the prime causes of poverty, since insufficiency of income can be the major reason for a person’s capability deprivation. Poverty can be observed as relative or absolute; as a deficiency of income or failure to achieve capabilities. Thus, the study explored both income and capability poverty, which would be henceforth referred to as absolute (capabilities) and relative (income). Sen (2001:89) states “relative deprivation in terms of income scan yields absolute deprivation in terms of capabilities.” Mbuli (2009) observes how it is not surprising to discover the question ‘What does it entail to be poor?’ induces a diverse response from one individual to another. For instance, Boateng, Boateng and Bampoe (2015) note that men in urban and rural Ghana associate poverty with a lack of material assets, whereas women describe it as food insecurity.

Richmond (2007) mentions that there are numerous and diverse approaches to understand the causes of poverty. Thus, these diverse views about the causes of poverty can influence the kinds of policies used to decrease poverty levels. Furthermore, Richmond (2007:15) notes “Explanations of the causes of poverty can be broadly divided into three kinds: structural, residual and pathological. ‘Residualist’ notions of poverty see poverty simply as the result of being left out of the growth and development process.” Structural explanations believe development and growth in themselves can produce inequality and poverty. A practical example of this explanation in SA is recognising that poverty for several individuals originates from unemployment (Richmond, 2007).

In contrast, Richmond (2007:15) notes “‘Pathological’ explanations emphasise the responsibility of individuals for their own poverty. Simply put, those who advocate for such an analysis of the causes of poverty would argue that each individual should be responsible for moving themselves out of poverty. A pathological line of reasoning would argue that a person’s poverty can be attributed to their failure to get a job. This approach would attribute the failure to find a job to a person’s lack of initiative or ‘preference for leisure’ above an understanding that finding a job for many people is not possible due to a labour surplus, or that the total costs of finding and maintaining a low paid job (including transport costs, child care costs and the need for additional nutrition etc.) might exceed the total cost benefit that that employment might be able to provide.”

2.2.4 Absolute and Relative Poverty

According to Mowafi (2004:4), “absolute poverty denotes the minimum set of resources required to survive, whereas relative poverty refers to a person’s state of affairs in relation to others. Absolute poverty, then, is designated as the line below which existence becomes a matter of acute deprivation, hunger, premature death and suffering.” Likewise, according to Walsh and Theodorakakis (2017:1), “Absolute poverty measures poverty in relation to the amount of money necessary to meet basic needs (e.g., food, clothing, shelter) and is not directly concerned with broader “quality of life issues” or overall level of inequality and human suffering.” In contrast, Kopnina and Blewitt (2018:74) state that relative poverty is defined “in relation to the economic status of other members of the society: people are poor if they fall below prevailing standards of living in a given societal context.”

Consequently, poverty is experienced by a person when they are in an evidently disadvantaged situation, either socially or financially, with regards other people in their surroundings. This idea of poverty is closely related to the concept of inequality. Moreover, Marx and van Den Bosch (2007:8) note “Sen proposes that poverty is best conceptualised in terms of capabilities. Now, Sen argues that the list of capabilities that a person needs to have in order to escape poverty is much less variable from one country to another than the commodity requirements to achieve those capabilities. The list would include such basic capabilities as to be sheltered, to be clothed and to have enough food, but also the capability to live without shame and the ability to participate in the activities of the community.” According to Ogbuabor, Malaolu and Elias (2013), poverty affects people psychologically, economically, physically, and socially. Similarly, the physical outcome of poverty is demonstrated when people lack money to take care of their illness at the preliminary stage which may result in premature death, maternal mortality resultant from insufficient care or treatment during pregnancy, among others.

Furthermore, Ogbuabor *et al.* (2013:122) observe the economic effect of poverty to manifest in “low productivity and industrial activities because of the inability of people to engage in modern modes of production. This in turn results in increased unemployment as people who are able and willing to work are idle because of a lack of job opportunities. Whereas, psychologically, poverty affects the people. For instance, children from rich homes usually go to school in exotic cars and with lunch packs, and when children from poor homes watch them enjoying these good things, they become discouraged. Also, socially, poverty has led to broken homes when one cannot provide for the family. It has also led some people into taking drugs, alcohol, narcotic substances, and crimes such as bribery, corruption, armed robbery, and advanced fee fraud.”

2.3 Poverty trends in the South African Context

According to the Statistics South Africa (Stats SA) (2017), approximately 30,3 million people in SA were living under the Upper-Bound Poverty Line (UBPL) by 2015, this is an increase of 3,1 million from 2011. Of the proportion, 64, 2% of black Africans in 2015 were living under the UBPL and have habitually recorded a much higher headcount, gap and severity measures than the other population groups (Stats SA, 2017). Females continue being disadvantaged more than males, whereby females habitually recording higher headcount, gap and severity measures at each point in time. Nevertheless, the dissimilarity between the genders is diminishing. Moreover, Stats SA (2017) reports the higher poverty gap and severity measures revealed the poor people who live in the rural areas to not only being further away from the poverty line on average, but also the poorest of the poor in those areas are remarkably poorer than their poor counterparts who live in urban areas. Poverty in terms of all age groups by 2015 had increased, although there were considerable improvements made towards reducing poverty across all age groups between 2006 and 2011. Furthermore, Stats SA (2017) observes that an individual's educational level is closely linked to poverty; in 2015 individuals (79,2%) with no formal education were poor in comparison to the 8,4% of individuals who had a post-matric qualification. Levels of poverty differ substantially across provinces, with the three provinces: Eastern Cape (72, 9%), Limpopo (72, 4%), and KwaZulu-Natal (68, 1%) recording the highest levels of poverty in 2015 whereas the Western Cape (37, 1%) and Gauteng (33, 3%) had the lowest levels.

Furthermore, diverse responses can be noted in SA regarding what poverty entails to an individual, since some of these individuals have experienced inequalities of the past and their effects have tagged along ever since. As poverty can be long-lasting or temporary, it is sometimes narrowly related with inequality and is often connected with underdevelopment, vulnerabilities, and economic exclusion. The 27th of April 1994 designated an extraordinary political transformation in SA. This day signifies when the country eventually arose victorious from more than a century of de facto and de jure Apartheid oppression, which inevitably meant the beginning of a new democratic political dispensation which exists today. Nevertheless, the African National Congress (ANC)-led government also inherited a nation that was characterised by vast inequalities in terms of quality education, health and basic infrastructure, such as access to potable water, sanitation and living accommodations (Mbuli, 2009). Moreover, Hunter, May and Padayachee (2003) also note how this unique political transformation inherited a country that was identified by the World Bank as one of the world's most unequal economies, with a Gini co-efficient² measuring 0.58. However, Mbuli (2009:45) argues "income (or

² A Gini co-efficient is a statistical measure used in analysing income inequality.

access to money) is not the only measure of poverty, in a world that has (by and large) moved away from a subsistence and barter economy to a market one, it is certainly among the salient determinants of poverty status. This is attributed to the fact that a household's access to most measures of well-being (e.g. nutrition, health, education and so on) is usually a function of income.”

Overall, inequality has not transformed substantially since the 1994 elections. According to the Stats SA (2014) the National Development Plan has put in place goals for 2030, amongst those goals is to reduce inequality, thus the Gini Coefficient in 2014 was aimed to fall from 0.69 to 0.6. Moreover, Stats SA (2017) report the Gini Coefficient was said to be 0, 68 in 2015. Likewise, Walker (2019:52) states the World Bank report (Sulla & Zikhali, 2018) shows the Gini coefficient of SA to be 0.63, thus indicating SA as “the most unequal country in the world for which reliable data is available, while the country is also tremendously unequal based on wealth distribution. A significant determinant of this inequality is inequality of opportunity, including to higher education, where despite high private returns, access remains limited especially from rural provinces which tend to be poorer overall.” Additionally, Cornish-Jenkins (2015) notes how the Gini coefficient measurement does not differentiate among intra-racial and interracial inequality, further argued the present issue that lies with SA is interracial inequality. Furthermore, the author presented data with three variables: unemployment, income, education and poverty to argue that Africans are still unfairly disadvantaged in the modern South African economy (Cornish-Jenkins, 2015). Data from the 2011 census, reported clearly that Africans typically obtain a much lower income than the other racial groups. As noted in the Stats SA 2011 census, “The 2011 average annual income for a White household was six times higher than the average annual income of an African household” (Stats SA, 2012:42). That means Africans are more vulnerable to poverty than other groups. In addition, Stats SA reports how in 2011, “54% of Africans lived in poverty, whilst only 0.8% of Whites lived in poverty. To fully comprehend how unequal interracial income is in SA the following statistic is effective: 94.2% of all South African individuals living in poverty are African, a figure that has been increasing since 2006” (Stats SA, 2014:27). Aliber (2003) observes how unemployment unduly affects Africans. “In 1999, 45% of Africans were unemployed, and of this group 73% had never been employed in the past” (Aliber, 2003:478-79). Moreover, Stats SA notes how this figure has since augmented, by 2011, 46.35% of Africans were unemployed, compared to 10.3% of Whites (Stats SA, 2012:52).

According to Madikizela and Ntshaka (2010), unemployment and poverty persevere being SA's key challenges, yet with the dynamic deployment of numerous government poverty alleviation plans and policies, such as the Reconstruction and Development Programme, Growth, Employment and

Redistribution and Accelerated Shared Growth Initiatives. Even when the democratic government came to power after the Apartheid era, it stressed the significance of resolving inequality, poverty, and unemployment amongst the people of SA. The tenacious existence of these challenges makes the South African government fall short of its Millenium Development Goal to cut unemployment and poverty. Additionally, Madikizela and Ntshaka (2010) note high unemployment to be one of the prime origins of poverty in SA. Moreover, Spicker, Leguizamon and Gordon (2007:43) present overall poverty as taking numerous forms such as “lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion; characterised by lack of participation in decision-making and in civil, social and cultural rights.”

As above-mentioned, poverty is a diversified concept that can be measured in either absolute or relative terms. The former approach is based on the minimum requirement needed to maintain life. The latter approach changes to the standard of living, with the poor being defined as people whose incomes or expenditures are under a certain percentage of that of their equals. Poverty can also be measured subjectively as people make subjective and diverse opinions on what establishes a socially acceptable minimum standard of livelihood in a society (Jansen, Moses, Mujuta & Yu, 2013). Similarly, Agola and Awange (2014) observe poverty to be a critical factor and defining it is not an easy task. It can likewise be noted how they will perpetually be a disagreement over what constitutes a poverty definition. Analysts define poverty in terms of the quantity of income needed to provide a family of a certain size with essentials of shelter, food, education, clothing, etc. This then provides an absolute poverty standard approach, which, according to Agola and Awange (2014) is a poverty standard approach, which makes a specific income level for a given household size below that the household is arbitrated to be dwelling in a land of impoverishment. However, poverty can also be relative, and it is of this consequence that an absolute measure alone of poverty might not be appropriate.

In addition, Agola and Awange (2014:42) state relative poverty is whereby “one’s sense of poverty depends upon the income of others in the community . . . and a relative poverty standard might classify a household as poor if the household’s income is, say 25% of average household’s income. Thus, a relative poverty standard approach defines poverty in terms of incomes of others”. Moreover, the authors note the alternative of a poverty definition will determine the number of poor and the rate at which poverty is perceived as being eradicated and if the absolute standard is selected, rising real living standards will push more and more families above the poverty line. Furthermore, with regards to the

relative poverty standard approach, only by equalising the distribution of income can eliminate poverty.

2.4 POVERTY IN THE CONTEXT OF RICHMOND LOCAL MUNICIPALITY

In attempts to understand poverty in the Richmond local municipality, it is paramount to trace back the history of the area. John (2006) notes that the village of Richmond was under the authority of the colonial government, and then advanced to the Natal provincial government. The village was managed by a Town Board and it was enclosed by large townships housing which had over 70 000 people by the 1990s. The village was also surrounded by semi-urban township areas such as Magoda, Ndaleni and the informal rural areas of Mkhobeni and Phatheni. During the Apartheid period, these areas came under the patronages of the KwaZulu administration and were managed by traditional leaders. Thus, Richmond local municipality and its neighbouring settlements were only under a common jurisdiction after 1994. Moreover, John (2006:169) notes “the anti-colonial resistance of the early 20th century in some ways presaged the violence which broke out eighty years later, but which far exceeded it in scale, intensity and duration. During the late 1980s and through the 1990s, Richmond local municipality featured frequently in the news as a site of chronic violence between *Inkatha* Freedom Party (IFP) and ANC supporters and instability.” Furthermore, the author presents a table that outlines the crucial periods in Richmond’s recent history. Thus, in understanding poverty in the context of Richmond local municipality, the study will also adapt Table 2.2 presented below.

Table 2.2: Key Events in Richmond’s History, 1988 – 2005

YEAR	KEY EVENTS
1988 – 1993	Violent conflict between IFP and ANC supporters.
1994	First democratic election. Inkatha/ANC peace meetings and rallies.
1995	Sifiso Nkabinde, local ANC leader, becomes mayor of Richmond.
1997	Sifiso Nkabinde expelled from the ANC as an Apartheid spy. Nkabinde joins Bantu Holomisa in what becomes known as the United Democratic Movement (UDM).
1997 – 1999	Violent conflict ensues between UDM and ANC supporters, costing over 1 200 lives.
July 1997	ANC wins local elections: 4 out of 5 seats in the Richmond Transitional Local Council.
Sept 1997	Sifiso Nkabinde arrested and charged with 16 counts of murder.
April 1998	Nkabinde acquitted.
July 1998	Tavern massacre leaves 8 people dead and 13 injured.
July - August 1998	Deployment of security force members in Richmond.
13 August 1998	Government closes local police station.
Sept – Nov 1999	Nine men arrested for the Nkabinde assassination. Five men arrested for the Ndabezetha murders.
2000	Local government elections held peacefully.
2004 – 2005	Development back on the agenda, low cost housing project begins, and property boom experienced.

Source: John (2006:170)

The study reckons the outline of the events which comprise of the violence that took place in 1988 – 1993 between IFP and ANC supporters to be indispensable, as the violence entailed social effects which were shattering and resulted to other key events to emerge. John (2006) notes that the immediate effects of the violence include the loss of bread winners. According to John (2006) and Taylor (2002), the first stage of the violence resulted to more than two hundred lives to be lost and the second stage of the violence cost lives of several hundred. Likewise, the violence resulted to the disintegration of several families, and the enormous displacement of residents. Similarly, the effects of this violence brought upon several burdens to the residents, according to *Yearning for peace* (2008), a forty-three (43) year old lady said the burden that she carries further rises to her age, as presently she is a mother to both her biological kids and to the children of those who lost their lives in the violence. She reported that she relies on the child support grants which amount to R150.00 monthly for each child that is eligible. Moreover, she said that her life is challenging, and it is constituted of poverty; she added in this regard of how her electricity was cut off due to non-payment.

John (2006) notes the results of this violence also caused a situation of child-headed households, which create debilitating and stressful experiences for these children in the Richmond local municipality. Furthermore, the study concurs with the sentiments of the study of John (2006) that it would be

deceptive to refer to violence as the foundation of poverty in the Richmond local municipality, meanwhile before violence poverty was already existing. Nonetheless, it can be asserted that the political violence worsened poverty in numerous ways. Thus, it can be noted that unruly political causes and actions have an impact on poverty. As Meth (2006) states, poverty is also political since it pertains to the supply or allocation of resources and reveal the impression of present and past policy choices. Hence, the study takes into consideration these key events in the reviewing of poverty in the Richmond local municipality.

2.5 POVERTY ALLEVIATION

Poverty alleviation refers to all various efforts that are aimed at lessening or to completely eradicating poverty. In the attempts of alleviating poverty, Aoun (2004) provides the suggested elements that are essential for poverty alleviation to be: capital formation; investment in human capital; entrepreneurship; equity; rural development; international trade; rural development; and environmental quality. The government of SA has put in place various initiatives and policies aimed at alleviating poverty which are listed and discussed below.

2.5.1 Government Policies and Initiatives for Alleviating Poverty

For many decades, black people in SA experienced an oppressive white minority regime that instigated segregationist policies that caused division in the country, not only socially but economically as well. As a result, after the end of the Apartheid system, the ANC-led government had the motivation to establish a policy that will ensure that there is growth of the economy and the consequent improvement of the lives of people. Ever since, there has been numerous economic programmes implemented by the ANC government. Amongst the objectives of these programs was the intention to reduce unemployment and poverty, particularly for the historically disadvantaged individuals. Further discussed below are the various programmes adopted by the ANC-led government.

2.5.1.1 Reconstruction and Development Programme

In 1994 the ANC-led government introduced the Reconstruction and Development Programme (RDP) as the first policy document which was to escort SA in the transformation from a divided society, to one that offers equivalent opportunities for all its citizens. According to Chagunda (2006:1) “in 1994, the ANC-led government assured the nation that democracy was not just about the franchise but also about an improved quality of life for ordinary people, especially the majority who had suffered materially under Apartheid. Since then the government has formulated and adopted many pieces of legislation and policy to improve people’s quality of life and promote economic and social transformation. The first policy document was the RDP, which emphasised a commitment to

grassroots, bottom-up development, owned and driven by communities and representative organisations.” The primary principles of the RDP were to meet the basic needs of people; build the economy and implementation; advance the country’s human resources and to democratise state institutions and society (Frye, Farred & Nojekwa, 2011). Furthermore, development and growth are integrated in the RDP; it is envisioned that the growth of the economy will success sively lead to human development and infrastructure. The RDP is said to be a plan which is aimed at addressing the many social and economic problems facing SA. Such problems are: violence, a lack of housing, a lack of jobs, inadequate education and health care, a lack of democracy and failing economy (Cameron, 1996).

Similarly, the RDP was a macro-economic response of the ANC to poverty and inequality issues which infiltrated during the transition period in the early 1990s (Icheku, 2006). The RDP encompasses five key programs intended to help amend the inequalities caused by the Apartheid system and consequently improve the standard of living and quality of life of South Africans. Moreover, the RDP permitted beneficiary communities to be involved at all stages of decision-making and in project execution. During that time, the government proposed to utilise the budget and added state resources to convey social services to the poor. The RDP had a vision of an involved community which worked together with the government that is dedicated to human development; to putting an end to social exclusion connected to the Apartheid period, and to constructing a better life through health, housing and employment altogether ensuring a brighter future. It can be noted that these problems speak to the dilapidated development (economic and human) which the new government inherited and to which they wanted to respond to through the RDP.

2.5.1.2 Growth, Employment and Redistribution

In 1996, the ANC implemented the macro-economic policy framework known as the Growth, Employment and Redistribution (GEAR). GEAR was aimed at reinforcing the RDP, as issues and problems inundated the policy and hindered the realisation of its visions. GEAR was a policy which was rather more unwaveringly entrenched in a neo-liberal economic paradigm and aimed at the transformation and the rearrangement of the economy in line with the main principles of the RDP. Moreover, the RDP assured basic services for all, and GEAR assured public-private sector partnerships based on cost recovery. Chagunda (2006) notes that the objectives of GEAR were to provide basic services to the poor, reduce national debt, stabilise inflation, achieve economic growth, alleviate poverty, and give effect the socio-economic rights in the Constitution. The policy sought to attain its objectives through economic growth that was to be led by private sector investment that would, consequently, create employment. Ndedi (2009:463) observes “it is estimated that almost a million

jobs were lost to GEAR and SA's unemployment rate is now estimated at almost 50% among young people." Furthermore, GEAR was envisioned to confront the country's ever worsening rate of unemployment. Onwuegbuchulam (2016:116) states "the underlying premise of GEAR, which aimed to attain a growth rate of 6% per annum and job creation of 400 000 by the year 2000, is that growth would best be promoted by freeing the private sector from the fetters of the distorted racist logic and constraints of the Apartheid era." Moreover, to achieve this, there was a "need to remove all vestiges of a state-imposed, racially-based economic order" (Onwuegbuchulam, 2016:116).

Hence, GEAR puts emphasis on not only developing the economy, but also on creating jobs and reallocating job opportunities that were formerly directed to the whites, to thus enable the previously disadvantaged. Moreover, Chagunda (2006) observes that a link can be seen within the GEAR strategy which is between poverty eradication and neo-liberal economic policy, in the form of budget deficit decline and guarded monetary policy. It can also be contended that the GEAR has minimised the high levels of government debt to levels that are very low, whilst also stabilising the inflation. Nonetheless, although the economy has experienced growth, it has been 'jobless growth' and has therefore been unsuccessful in meeting the needs of the poor and unemployed (Chagunda, 2006). Similarly, to Chagunda (2006), this study is not debating the success or failure of GEAR; it is simply pointing out the fact that the challenges of poverty and unemployment in South Africa endure profoundly rooted and largely unresolved. Consequently, 'a better life for all' which was and is advocated by the ANC is still farfetched for many poor people.

2.5.1.3 Accelerated and Shared Growth Initiative

In addition to the above-mentioned government policies, in 2006 the Cabinet endorsed the Accelerated and Shared Growth Initiative (ASGISA). The South African government introduced this macroeconomic policy with the vision to grow the economy and successively guarantee employment which will result to the vision of poverty alleviation and development. Furthermore, Onwuegbuchulam (2016) notes the notion of "shared growth" is key to ASGISA's vision of attaining enhanced social services, development and alleviation of poverty in the country. Moreover, Chagunda (2006:2) notes the policy aims at "improving policy implementation and economic growth by dealing with the following challenges:

- lack of skilled and committed staff in the public service
- lack of human resource to implement policies
- inadequate financial resources
- corruption and mismanagement of funds
- lack of people-driven development

- lack of proper co-ordination between institutions
- barriers to entry, limits to competition and limited new investment opportunities.”

Moreover, the 2006 media briefing by the then Deputy President Phumzile Mlambo-Ngcuka reports that for the country to achieve ASGISA’s goal of halving poverty and unemployment by 2014, working more closely with women and the youth should be established. Particularly, with consideration to women the emphasis will be on (Mlambo-Ngcuka, 2006:8):

- Human resource training;
- Ensuring they have access to finance (micro to “mega bucks”);
- Fast tracking them out of the 2nd economy;
- Ensure their significant participation in agriculture and creative industries;
- Improve their access to basic services; and
- Increase their participation in expanded public works programme.

Furthermore, with regards to the youth, Mlambo-Ngcuka (2006) states, the implemented interventions were also aimed at the unemployed graduates. These were achieved through the support of the Umsobomvu Youth Fund initiative which was in place to register unemployed graduates on their database. Similarly, the aim to focus on youth development was ensured to be strengthened in all spheres of government. The following are the objectives that were set for that subsequent financial year, which were (Mlambo-Ngcuka, 2006:9):

- Set 100 new Youth Advisory Centres
- Enrol at least 10 000 young people in the National Youth Service, and
- We will enrol 5 000 volunteers to act as mentors to vulnerable children
- We will also expand the reach of our business support system to young people
- Intensify the Youth Cooperative Programme
- We will closely monitor the impact of our programmes on youth skills training and business empowerment as an integral part of our national effort.

Moreover, according to Mlambo-Ngcuka (2006), part of the purpose of ASGISA was to focus the energy of government and its partners. As a result, two sectors were recognised for special priority attention, which are tourism and business process outsourcing. Thirdly, biofuels are at a less advanced stage of development. The settings of these industries are commonly labour intensive, they are noted to be sectors that are growing speedily worldwide, are suited to South African circumstances, and are open to opportunities for small business development and Broad Based Black Economic Empowerment (BBBEE). Mlambo-Ngcuka (2006:9) states there are quite a few added components of BBBEE which will be leveraged to support shared growth. These include:

- Provisions for access to finance for women and youths,
- Funding commitments for housing and small business loans,
- Skills development commitments,
- Social responsibility commitments,
- Other commitments to enterprise development, and
- BBBEE charters will be assessed from time to time to establish how broad based their impact has been.

Frye *et al.* (2011) observe that poverty alleviation was not the primary aim of this policy, but rather aim at economic growth which will consequently influence the alleviation of poverty and human development. However, Onwuegbuchulam (2016:118) states “increasing the economic growth through the absorption of more labour into the mainstream economy will necessarily lead to creating employment and reducing poverty.” In the same way, Onwuegbuchulam (2016) notes poverty alleviation and improvement of well-being of the people will be achieved through the creation of more jobs, which will subsequently reduce unemployment.

2.5.1.4 Social Assistance Grants

To further address the problem of poverty, the South African government also adopted the social security system as one of the measures towards reducing poverty. Since this system was meant for the benefit of all poor South Africans, the Richmond community also benefited. It is argued in this study that even though the South African government came up with this system, still poverty throughout the country, and in Richmond in particular, remained a problem. Hence, the study investigated what the SMMEs do that contributes to poverty reduction. Thus, the study will discuss the different social assistance grants implemented by the SA government. According to Leibbrandt, Woolard, Finn and Argent (2010), the term “social assistance grants” in SA denotes to non-contributory and income-tested assistances offered by the state to vulnerable groups who are unable to provide for their own basic needs. These vulnerable groups are the elderly, the disabled and young children in poor households. These assistances get their financial backing from general tax revenues and thus there is no connection between contributions and benefits (Leibbrandt *et al.*, 2010). Woolard, Harttgen and Klasen (2010) note the Social Assistance Act No. 59 of 1992 expanded the social security measures to all South African citizens. The South Africa Social Security Agency (SASSA) (2018:3), reports “there were 11,030,665 beneficiaries receiving 17,731,402 social grants. Since the beginning of the financial year, beneficiaries increased cumulatively by 176,482 or 1.63% and social grants increased by 221,407 or 1.26%.” Moreover, Woolard *et al.* (2010:2) observes that the social security system in SA has two key objectives, which are as follows: “The first objective is to reduce poverty among people vulnerable to

low-income such as the elderly, children, and people with disabilities who cannot participate fully in the labour market. The second objective is to increase in investments in health, nutrition, and education to increase human capital to accelerate economic growth and development.” The social security system, according to Leibbrandt *et al.*, (2009:292); and Onwuegbuchulam (2016:118) “is not a macroeconomic policy, but a poverty alleviation measure inherited from the Apartheid government but reformed and extended to the majority Africans when the ANC took over power.” Woolard *et al.* (2010) note the appropriateness for each grant is reliant on an income-based means test, and in SA the South African Social Security Agency (SASSA) is responsible for the execution of the social grants. Henceforth the study will discuss the five main means-tested³ social assistance grants in SA namely: The Child Support Grant, the Foster Child Grant, the Disability Grant, the Care Dependency Grant, and the State Old Age Pensions.

2.5.2 The Child Support Grant

The child support grant (CSG) was introduced in April 1998 to substitute the child maintenance grant. Leibbrandt *et al.* (2010:54) state that this grant “was available to a parent or guardian living with a child under eighteen years of age if the applicant was unmarried, widowed or separated; had been deserted by their spouse for more than six months; had a spouse who received a social grant or had been declared unfit to work for more than six months; or had a spouse who was in prison, a drug treatment centre or similar institution for more than six months.” The CSG is currently the utmost significant form of support for children in poor families, and these support grants are paid to the primary caregivers of these children. This grant was “intended as a holistic intervention for mitigating the myriad impacts of childhood poverty” in SA (Twine, Collinson, Polzer & Kahn, 2007:125). According to the National Treasury (2010), in the fiscal year of April 2010, the CSG amounted to R250.00 per month. Further on the years the CSG has experienced increases, the South African Department of Social Development (DSD) reports in April 2017 the grant to amount to R380.00; R400.00 in April 2018 and the grant is said to increase to R410.00 in October 2018.

2.5.2.1 The Foster Child Grant

The Foster Child Grant (FCG) is paid to children identified to need care by the SA courts. These children are placed in the care of foster parents who are selected by the court and the social workers supervise these parents entrusted with the care of these children. Van der Berg and Siebrits (2010:5) note “the aim of the grant is to reimburse foster parents for the cost of caring for children who are not their own; as such, the grant is not means tested and falls away if the child is adopted formally.” In the

³ Behrendt (1999:2) notes that “Means-tested benefits are granted only if the household’s income does not meet a certain minimum standard.”

fiscal year of April 2010, the FCG amounted to R710.00 per month (National Treasury, 2010). Further on the years the FCG has experienced increases, the DSD reports in April 2017 the grant to amount to R890.00; R960.00 in April 2018 and the grant amount is said to remain as is in October 2018.

2.5.2.2 The Disability Grant

The Disability Grant (DG) is a means-tested social grant intended at individuals aged 18-60 for women and 18-65 for men, who are disabled in one way or another. Thus, because of their condition are left incapable of taking care of themselves and therefore find themselves in poverty conditions. The disability grant is in two categories which are: temporary grants and permanent grants. Lin and Sepulveda (2013:366) note that “permanent grants are awarded to those who are permanently disabled. Temporary grants are awarded for a shorter period - for example six months - to those who are expected to regain the ability to support themselves.” According to the National Treasury (2010), in the fiscal year of April 2010, the DG amounted to R1 080.00 per month. Further on the years the DG has experienced increases. The DSD reports in April 2017 the grant to amount to R1 600.00; R1 690.00 in April 2018 and the grant is said to increase to R1 700.00 in October 2018 (National Treasury, 2010).

2.5.2.3 The Care Dependency Grant

Leibbrandt *et al.* (2010:56) note the Care Dependency Grant (CDG) “is given to caregivers of children who are severely disabled to the extent that they need full-time care, i.e. if such care were not available in the home, the child would need to be institutionalised. The grant is available for children from one to 18 years.” Formally, any child who goes to school is ineligible to receive the grant, even if it is a school for disabled children. Moreover, Van der Berg and Siebrits (2010:4) note “The means test for care dependency grants is similar to that for child support grants: hence, in April 2010 the income threshold increased to R10 800 per month for single caregivers and R21 600 per month for married caregivers (R129 600 per annum and R259 200 per annum, respectively).” In the fiscal year of April 2010, the CDG amounted to R1 080.00 per month (National Treasury, 2010). Further on the years the CDG has experienced increases in the amount payable, the DSD reports in April 2017 the grant to amount to R1 600.00; R1 690.00 in April 2018 and the grant amount is said to increase to R1 700.00 in October 2018.

2.5.2.4 The State Old Age Pension

The State Old Age Pension (SOAP) is the social grant for the elderly and retired pensioners. Ardington, Case and Hosegood (2009:23) observe “A non-contributory pension, the social pension pays more than twice median per capita African (Black) income and represents an important source of income for a third of all African households in the country. For many South African women aged 60 and above,

and men aged 65 and above, the social pension provides a generous means of support in old age.” Moreover, Ardington *et al.* (2009), note social pensions to signify a vital basis of income for the elderly who are unable to work and often face burdensome health-care expenditures. According to the National Treasury (2010), for the fiscal year of April 2010, the SOAP amounted to R1 080.00 per month. Further on the years the SOAP has experienced increases, the DSD provides these increases with a distinction of the old age group and the old age group which is older than 75 years. In April 2017 the grant for old age amount to R1 600.00 and for the older than 75 years amount to R1 620.00; in April 2018 the amounts were R1 690.00 and R1 710.00 respectively and the grant is said to increase in October 2018 to R1 700.00 for the old age and R 1 720.00 for the older than 75 years age group.

2.6 THE ROLE OF SMMEs IN POVERTY ALLEVIATION

According to Macwele (2014), “Small businesses have become the backbone for local economic development. Small, Medium and Micro-Enterprises (SMMEs) help in curbing poverty and unemployment particularly among the youth” (Macwele, 2014:27). From the literature reviewed, ChikwenduEzennia *et al.* (2015) note how small businesses create employment and income opportunities for thousands, and how these business establishments are continually providing cheaper and symbolically important goods and services to the urban minorities.

Moreover, according to ChikwenduEzennia *et al.* (2015:9), “small businesses contribute greatly to the economy all around the world. Almost all businesses are small businesses, or even started out as small businesses. They contribute to the society through various important roles, which they play.” It was as well argued that SMEs provide employment and help reduce income inequality, even though some of these SMMEs are survivalist. In identifying solutions that come about the existence of SMMEs, Chalera (2007) states SMMEs were acknowledged by the SA government for having a substantial role in creating jobs that aim at solving the high unemployment rate in SA. Moreover, the significance of SMMEs to employment creation in SA is indicated by the fact that they are already responsible for over half the employment in the country and an upsurge in the number of SMMEs is probable to produce more opportunities for employment in the country. Rogerson (2001) notes the strong connection amongst SMMEs and employment creation and poverty alleviation has instigated policies on SMME development to take forefront stage in the development strategies of developing countries. Dlamuka (2009) reports that almost half of the South African people live in poverty, and from the population poverty and its consequences are most noticeable among the African population. This is due to the history of Apartheid in SA which precisely excluded them from partaking in economic

opportunities. Hence, poverty mitigation through employment formation is the emphasis of the South African government and other third world economies.

Nevertheless, according to Mamman, Kanu, Alharbi and Baydoun (2015), alleviating poverty entails more efforts to address the needs and increase the involvement of the several informal enterprises, family-run farms and self-employed men and women that conduct business in developing countries. Further, noted is that some governments of the African countries, have mostly withdrawn from playing an important role in the organisation of economic activities. In its place, “the private sector is playing an increasing role even in the delivery of government-funded public services such as health and education. Similarly, in the former centrally-planned economies of Eastern and Central Europe, the role of governments has changed, especially in rural areas” (Mamman *et al.*, 2015:2). According to De Jongh, Martin, van der Merwe, Redenlinghuis, Kleinbooi, Morris and Bruwer (2012), in highlighting the importance of SMMEs to the economy of South Africa, reference is continuously made to how great these entities’ involvement is in terms of the National GDP. In 2015, the contribution of SMMEs in the South African GDP was 36% and in 2016 with a recorded GDP growth of 0.3% (Kelley, Singer & Herrington, 2016).

2.7 CORPORATE SOCIAL RESPONSIBILITY

Eminent social scientists such as Milton Friedman, William Baumol and Peter Drucker have views on what is Corporate Social Responsibility (CSR). Milton Friedman holds the view that the social responsibility of a business is to increase its profits. Rossouw and van Vuuren (2014:87) notes “Friedman’s main objection to the idea of Corporate Social Responsibility was that it is an unwarranted imposition of the political principle of conformity on the economy; business should be business and politics should be politics and never the two should mix.” Moreover, Friedman states that when business owners engage in acts of CSR, they act outside their domain. They have no right, nor any responsibility to do so. As individuals, they have moral responsibilities, some of which might be extend to society, but they are to exercise these moral or social responsibilities in their personal capacity (Rossouw and van Vuuren, 2014). Williamson, Stampe-Knippel & Weber (2014:5) note CSR is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” According to Burns (2016) businesses have been pressured to take a more socially responsible role and this pressure emanates from several sources. Burns (2016) further notes that environmentalists want businesses to decrease their ‘carbon footprint’ and adopt ‘green’ matters and to come to be more sustainable. Additionally, social activists want businesses to adopt ‘corporate citizenship’ programmes and carry out charity work

in the communities. Likewise, social reformers want businesses to alter their behaviours, amongst these behaviours is the exploitation of child-labour in developing economies. Burns (2016) notes how all these issues raised on businesses have been packaged under the “umbrella” of CSR. Thus, CSR is seen as increasingly important.

2.8 BUSINESS SOCIAL RESPONSIBILITY

Dzansi (2004) alludes that in literature Business Social Responsibility (BSR) is generally referred to as Corporate Social Responsibility. The use of ‘corporate’ may be ascribed to the research on social responsibility being focused on large businesses even to date. This however, according to Dzansi (2004:4), can be confusing to the reader, as “the word ‘corporate’ appears to carry big business connotation. Therefore, replacing ‘corporate’ with ‘business’ can help eliminate this confusion as it is generic hence relevant to businesses of all sizes.” Consequently, in this study, with the focus being the SMMEs the concept is referred to as Business Social Responsibility (BSR). Dzansi and Pretorius (2009a:452) define BSR as follows: “A company’s commitment to operating in an economically and environmentally sustainable manner while recognising the interest of its stakeholders”. Likewise, Dzansi and Pretorius (2009b) note stakeholders to include customers, employees, local communities, the environment, business partners, investors, and the society at large.

Furthermore, Nieman (2006:175) notes that “although the social responsibility of businesses is now a widely talked about issue, focus has always been on big businesses at the expense of smaller organisations.” Nieman (2006) further notes that the United Nations Industrial Development Organisation (UNIDO) made a salient point in this respect that even though larger companies have been the key drivers of social responsibility, it has been the smaller businesses at the forefront of social responsibility practices. Thus, the focus on the social responsibility of big businesses perhaps accounts as to why the concept has always been typically known as CSR. Nieman (2006) makes an important point of how businesses are not economic entities only but are also social institution. Hence, businesses need to rationalise their existence by their all-inclusive contribution to society. According to Possenti (2012), BSR is a process that is concerned with the ethical treatment of the internal and external stakeholders of a company or organisation.

Although the concepts of BSR and CSR may be referred to differently they entail similar notions. The Finance and Accounting Services Sector Education and Training Authority (FASSET) (2012:3) notes CSR is “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.” The FASSET (2012:9) further notes “CSR is a topic usually

discussed under Corporate Governance. In terms of legislation, the Companies Act No. 71 of 2008 does not compel companies to engage in CSR activities or projects. However, various government policies and documents, and the King IV Report all address the need and relevance of companies to acknowledge all stakeholders and to adopt the ‘triple -bottom line’ approach. The triple bottom line approach focuses on social, environmental and economic concerns of the organisation. Some scholars have further simplified the three concerns to mean people, planet and profit respectively.” Although the aim of every business is to make money, however, the survival of a business depends on a lot more factors than merely making profit (FASSET, 2012). Consequently, no business can survive in isolation.

Carroll (1979) notes that legal, ethical, economic and discretionary expectations form part of CSR of businesses at a given point in time that the society has. However, Wood and Jones (1995) state that stakeholders are vital in this facet as they are the basis of society’s expectations about CSR; they experience the business’s behaviour and they evaluate the business’s social performance by likening their experiences with their previous expectations. Hence, CSR can be associated with the notions of giving back to the community, treating employees fairly and offering quality products and services. Likewise, the FASSET (2012: 15) notes “CSR is equated with the notions of ‘giving back’ to the community, treating employees fairly and providing quality products and services. Common CSR activities include sponsorship programmes, providing career development and training to employees, waste recycling, and being part of the community’s activities.” According to Agle, Mitchell and Sonnenfeld (1999), performing business without bearing in mind the responsibility can result in a loss of both customers and revenue.

Hence, as noted by Roy, Vyas and Jain (2013), several businesses today are keen to enthusiastically implement behaviour that is socially responsible. Thus, Evans and Sawyer (2010) suggest it is not only larger companies that face challenges regarding ethics and CSR, similarly small business owners are to take into consideration product pricing, quality standards, legal businesses, employee issues, and so forth. CSR has progressively received prominence and appreciation both as a business tool and as influence on social progress (Olanrewaju, 2012). Additionally, the FASSET (2012:15) observes “CSR is a concept which every business as a corporate citizen should embrace. It is true that the concept is much more discussed in relation to big organisations, other than in relation to small businesses.” However, factual evidence has revealed that CSR is as relevant to large companies as it is to small businesses. The results of CSR activities can be of assistance in improving the survival rate of most businesses and it possibly will offer opportunities for business competitiveness, locally and globally. Nowadays, businesses are not only expected to provide products and services to society, create and

secure jobs, and to pay taxes. Moreover, numerous consumers are starting to express interest in making sure that the goods they purchase are manufactured in an environmentally and socially responsible manner. Charitoudi, Sariannidis and Giannarakis (2011) state that CSR is perceived as an important concept that businesses of all types and sizes need to understand and address. The definition and relevance of CSR that is adopted by the study is an all-encompassing of large; small; medium; and macro enterprises.

Furthermore, the FASSET (2012:3) notes “this relevance is all-embracing, and it goes beyond the actual amount of money spent to drive and sustain the process. The relevance takes into consideration the fact that there are so many things a business or an organisation can do to drive and sustain its CSR initiatives which may not be monetary based.” Ways of how small businesses can play a role in uplifting their local communities in terms of the economic and social welfare, according to Dzansi (2004:83), include: “Supporting the efforts of their communities to rehabilitate the mentally deranged, physically handicapped, and other disadvantaged members of society; making generous contributions to educational institutions, thereby helping to educate and prepare the citizenry for tasks that will benefit their communities and society at large; working hand in hand with municipal authorities and other institutions in providing low-cost housing, combating crime, creating employment opportunities and the like; and charging fair prices for their goods and services.”

The FASSET (2012) states that the essence of CSR activities in a small business can be notably different from the large businesses. For example, the relations among SMMEs and their principal stakeholders, particularly employees and customers, is distinguished by a high level of informality, hence qualitatively different from large businesses. Furthermore, customer relationships are frequently founded on personal understanding of the customer’s necessities, and employee relationships entail considerable openness and social integration, thus making these relations are more family-like. Moreover, the FASSET (2012) notes how there is no one single CSR approach, mainly for small enterprises since CSR comprises of diverse activities. Nevertheless, to make the indefinite notion of CSR more concrete, it is important to define the conceivable CSR activities in added detail by categorising them into different groups. Henceforth, the study will discuss the theoretical and conceptual framework underpinning the study. In the discussion that follow, the study will outline the categorisation of the different CSR initiatives that can be contributed by SMMEs and these will assist in the conceptualisation of the role of SMMEs in poverty alleviation.

2.8 THEORETICAL AND CONCEPTUAL FRAMEWORK UNDERPINNING THE STUDY

2.8.1 Conceptual Framework Underpinning the Study

Hlatywayo (2015) notes that SMMEs are friendly establishments. Because SMMEs are more personalised than big companies, they are most capable of establishing and maintaining good relationships. Moreover, SMMEs are skilled at building good relationships with communities via their capability to provide personalised and specialised services. Dzansi (2004:80) notes, “BSR is a company’s commitment to operating in an economically and environmentally sustainable manner while recognising the interest of its stakeholders. Stakeholders include investors, customers, employees, business partners, local communities, the environment, and society at large.” According to Dzansi (2004:80), social responsibility, as practiced by small firms, usually takes the form of: consumerism; employee relations; environmental protection.

Likewise, the FASSET (2012) notes the following CSR initiatives to be some of the areas a business can focus on in terms of partaking in social responsibility: market focused initiative; product focused initiative; employee focused initiative; society focused initiative; and environmentally focused initiative. Similarly, Longenecker, Moore and Petty (2000:365) note that “a firm’s social responsibility includes its relationship with customers, environmentalism, consumerism, support for education, and compliance with legislation, response to community needs and contribution to community organisations.”

Table 2.3 below outlines the CSR strategies and activities appropriated from Dzansi (2004), a study which illustrates the initiatives to alleviate poverty if the SMMEs take the initiative.

Table 2.3: CSR strategies and Activities by SMMEs

CSR strategies	Activities by SMMEs
Community focused	<ul style="list-style-type: none"> ➤ Local employment ➤ Disaster relief ➤ Employee community volunteerism ➤ Philanthropy (bursaries, etc.) ➤ Support for community organisation (sports, youth, churches, etc.)
Employee focused	<ul style="list-style-type: none"> ➤ Prohibition of child labour ➤ Payment of living wage ➤ Health care provided ➤ Accommodating working practices ➤ Prohibition of compulsory overtime ➤ Gender diversity ➤ Religious tolerance ➤ Paid maternity leave ➤ Availability of training opportunity ➤ Child care facility ➤ Compassionate leave ➤ Absence of compulsory health and pregnancy testing ➤ Prohibition of discrimination based on sexual orientation, disability, gender, nationality, or political opinion.
Customer focused	<ul style="list-style-type: none"> ➤ Product safety ➤ Politeness to customers ➤ Speedy customer complaints handling ➤ Commitment to customer care ➤ Honest marketing

Source: adapted from Dzansi (2004:15) and was restructured by author.

The Table below from Hlatywayo (2015) relates also with the CSR strategies and activities by SMMEs which are environmental focused.

Environmental focused	<ul style="list-style-type: none"> ➤ Produce products that are environmentally friendly. ➤ Craft and implement policies that can be used to safeguard the natural environment in business processes. ➤ Reduce pollution. ➤ Work with government and other organisations in environmental campaigns.
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Source: Hlatywayo (2015:38)

2.8.1.1 Community focused strategy

According to Turyakira, Venter and Smith (2013) and Inyang (2013), the community focused strategy opportune SMME entrepreneurs to benefit indirectly and directly from community-related activities. Thus, SMMEs are in a better position to build a strong relationship with communities and societies when they invest in communities. Examples of CSR initiatives that SMMEs can invest in are to build libraries, schools, provide disaster relief, sports equipment, or provide with health care support to people in the communities. These initiatives can also be perceived as the SMMEs investment in human capital. Aoun (2004:18) notes “It has been evident for some time that poverty rates vary inversely with the level of education. Low poverty rates are associated with high education levels and high poverty rates with low education levels. Education has become one of the fundamental tools (a powerful instrument) necessary for reducing poverty.” Moreover, the community focused strategy perceives SMMEs as a local character which is involved in community related activities. Generally, SMMEs employ individuals in the communities that they are situated in.

2.8.1.2 Environmental focused strategy

The environmental focused strategy puts emphasis on ways intended at preserving the natural environment and to the various processes a business can implement to reduce its harmful effects on the environment. SMMEs that implement this strategy recycle, conserve water and energy, make use of environmentally-friendly packaging, and implement waste reduction strategies and pollution control efforts. Likewise, Inyang (2013) alludes how an environmental focused strategy is focused on designing and producing products that are environmentally friendly. SMMEs’ BSR initiative strategy focused at the environment would be to reduce the use of products and technologies that contribute to the pollution of the environment. Aoun (2004) notes for example a crucial air pollution effect, which is a decline of the future skills and efficiency of the victims. Consequently, facing risk of illness and direct health damages, which incur medical expenses. Turyakira *et al.* (2013) and Yazdanifard and Mercy (2011), state that customers opt to be associated with businesses that manufacture products that are environmentally friendly. Additionally, Yazdanifard and Mercy (2011) observe how companies that are environmentally mindful tend to have improved wide-ranging growth patterns and competitive advantage.

2.8.1.3 Employee focused strategy

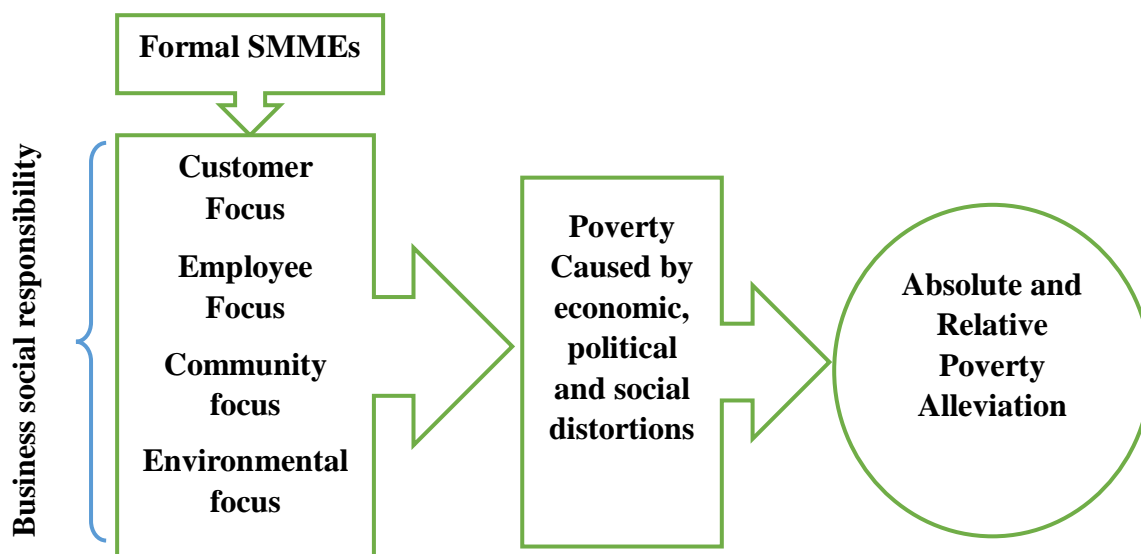
Employee focused strategy looks at ways of improving workers by initiating activities that encourage them. Turyakira *et al.* (2013:160) suggest that these activities comprise “offering training and development, creating equal opportunities and workforce diversity and assisting employees to maintain a good work-life balance.” A BSR strategy focused at employees would be for health care to

be provided; SMMEs to be committed in the prohibition of child labour, promote gender diversity; provide employees with accommodating working practices; upholding the standard of payment of living wage and to ensure religious tolerance. Inyang (2013) states that it is of necessity that employees be looked after properly, as they are valuable assets of the business. Moreover, Turyakira *et al.* (2012) note that initiatives focused on employees are anchored on human resources advancement of the organisation, whereby policies are constructed and executed to satisfy employees and thus production levels are improved.

2.8.1.4 Customer focused strategy

Dzansi (2004:86) notes that a customer focused strategy is “a movement that stresses the needs of consumers (customers) and the importance of serving them honestly as well in contrast to the past when the business philosophy was ‘Let the buyer beware’ (Longenecker *et al.*, 2000:369). As far as Kyambalesa (1994:202) is concerned, the customer is the ‘King’ or ‘Queen’ as they form business most critical public.” Dzansi (2004) further notes that buyers nowadays require reliable, durable, safe, and honestly promoted products. However, buyers these days seem to require more than reliable, durable, safe, and honest promotion of products. Moreover, Dzansi (2004) observes that customers make up a stakeholder group that is important to the businesses; as a result, businesses need to cultivate close relationships with their consumers; and strive to produce reliable and durable products that are promoted with honesty; even so as consumers need more than physical products, it is essential that businesses participate in good customer care practices. Thus, a BSR strategy focused at customers would be for SMMEs to engage in honest marketing; ensure product safety; handle customer complaints promptly; show politeness towards customers and guarantee efficient customer care. With the discussion above, the study will adopt the conceptual framework depicted by Figure 2.1 below:

Figure 2.1: Conceptual Framework



Source: Authors’ own compilation.

Figure 2.1 above depicts the conceptual framework which is comprised of the independent variable (IV) which are the formal SMMEs and the dependent variables (DV) which is poverty, also the framework has business social responsibility as a moderating variable (MV), when implemented by the SMMEs as has a strong contingent effect on these variables as a way of alleviating poverty which is caused by economic, political and social distortions. The DV as described earlier on in the study is differentiated into two; being: absolute and relative poverty. Both these terms entail specifics of measurement of the DV. These specifics of poverty measurement are then essential to consider, when attempting to assess the role played by SMMEs. This conceptual framework underpins the study in such a way that both these poverty concepts and business social responsibility focuses, assisted the researcher in terms of answering the research problem, research questions and all the necessary information needed in the analysis of poverty.

2.8.2 THEORETICAL FRAMEWORK UNDERPINNING THE STUDY

This study is reinforced by theories and concepts of poverty which provide scope to issues pertaining to the research study. The paper by Bradshaw (2007) explored how five contending poverty theories in contemporary literature shape anti-poverty strategies. According to Bradshaw (2007:2), “these theories of poverty place its origin from 1) individual deficiencies, 2) cultural belief systems that support subcultures of poverty, 3) political-economic distortions, 4) geographical disparities, or 5) cumulative and circumstantial origins.”

2.8.2.1 Five Poverty Theories in Contemporary Literature

Contemporary literature on poverty consistently recognises diverse theories of poverty, which are classified in multiple ways. As seen from the literature of authors such as Shaw (1996), Rodgers (2000), Blank (2003) and Jennings and Kushnick (1999). According to Bradshaw (2007:6), these authors “distinguish between theories that root the cause of poverty in individual deficiencies (conservative) and theories that lay the cause on broader social phenomena (liberal or progressive). Below is the outline of the five theories of poverty and their perceived causes.”

➤ Poverty Caused by Individual Deficiencies

The study of Bradshaw (2007) notes how the belief that poverty finds root from individual deficiencies is old. It is said to be a large theory with a complex set of explanations that put emphasis on how the state of poverty is of the individual’s doing. Furthermore, political traditional theoreticians blame people in poverty for causing their own problems and contend that with better choices and harder work they could have evaded their problems. Other revolutions of the individual theory of poverty accredit poverty to the lack of inborn abilities, such as intellect which are not effortlessly reversed (Bradshaw, 2007).

➤ **Poverty Caused by Cultural Belief Systems that Support Sub-Cultures of Poverty**

This form of poverty stems from the cultural belief systems that support sub-cultures of poverty. Bradshaw (2007) mentions Oscar Lewis as being amongst the key writers to explain the culture of poverty, as a set of values and beliefs passed from generation to generation. Moreover, Bradshaw (2007:8) states this theory proposes “poverty is created by the transmission over generations of a set of beliefs, values, and skills that are socially generated but individually held. Individuals are not necessarily to blame because they are victims of their dysfunctional subculture or culture.” Furthermore, Lewis (1963) states that the people in cultural poverty have a strong feeling of marginality, of helplessness, of dependency, of not belonging. They are like aliens in their own country, convinced that the existing institutions do not serve their interests and needs. Along with this feeling of powerlessness is a widespread feeling of inferiority, of personal unworthiness.

➤ **Poverty Caused by economic, political and social distortions**

In contrast to the above-mentioned poverty theories, this theory finds root in the economic, political, and social system which causes individuals to have inadequate resources and opportunities to achieve income and well-being. According to Bradshaw (2007), currently much of the literature on poverty proposes that the economic system is organised in a way that the poor fall behind irrespective of how competent they might be. Partially, the problematic fact is that minimum salaries do not allow single mothers or their families to be economically self-sufficient (Bradshaw, 2007). Likewise, Tobin (1994) notes the problem of the working poor as increasingly seen as a salary problem connected to structural barriers prohibiting poor families from getting better jobs, complicated by scarcity of occupations near employees and a lack of growth in sectors supportive to lower skilled jobs. The result of insufficiency of skills of the poor is due to the lack of adequate and ideal education.

Additionally, Bradshaw (2007:11) observes that “in spite of perceived importance of education, funding per student in less advantaged areas lags that which is spent on richer students, teachers are less adequately trained, books are often out of date or in limited supply, amenities are few, and the culture of learning is under siege. This systemic failure of the schools is thus thought to be the reason poor people have low achievement, poor rates of graduation, and few who pursue higher education”. Regarding the political cause of poverty, it can be noted how political systems of the poor are deceptive or impossible, which in turn affects their interests and participation. Bradshaw (2007) denotes how recent research has established the connection between power and wealth, and how the poor are less involved in political deliberations. Their welfares being exposed more in the political process, and they are excluded at numerous levels. The social aspect of the cause of poverty relates to the social stigma given to the groups of people because of their race, religion, gender disability, or other groupings. This

leads these people into having limited opportunities regardless of personal capabilities. According to Bradshaw (2007:11), “no treatment of poverty can be complete without acknowledging that groups against which discrimination is practiced have limited opportunities regardless of legal protections.”

➤ **Poverty Caused by geographical disparities**

The geographical disparities poverty theory draws attention to the fact that people, institutions, and cultures in certain areas lack the entitlement to redistribution, and the required resources to generate well-being and income. According to Bradshaw (2007:12), “Space is not a backdrop for capitalism, but rather is restructured by it and contributes to the system’s survival. The geography of poverty is a spatial expression of the capitalist system.”

➤ **Poverty Caused by Cumulative and Cyclical Interdependencies**

According to Bradshaw (2007), the cyclical explanation of this theory openly looks at the individual situations and community resources as equally dependent, with an undecided economy. An example was provided with individuals who lack resources for participating in the economy, which makes economic survival even harder for the community since people pay fewer taxes. Bradshaw (2007:14) notes how “both personal and community well-being are closely linked in a cascade of negative consequences, and that closure of a factory or other crisis can lead to a cascade of personal and community problems including migration of people from a community who developed a theory of “interlocking, circular, interdependence within a process of cumulative causation” that helps explain economic underdevelopment and development. Thus, the interdependence of factors creating poverty accelerates once a cycle of decline has started.”

With the discussion of the theories of poverty; the poverty as caused by economic, political, and social distortions or discrimination, was the chosen theory that underpins the study as this theory has the causes of poverty that are aligned to the research problem of the study. If the cause of poverty in SA is to be traced back, the Apartheid era cannot be omitted, also the violence that broke off in 1990 in Richmond local municipality cannot be left out. According to Cornish-Jenkins (2015), the economic legacies of Apartheid continue in contemporary SA, mainly due to the implementation of neoliberal policies since the 1990s. Hence, SA is still known as one of the most unequal countries in the world; a certain niche thrives whereas most of the population is economically disadvantaged or are living in poverty. Moreover, the author notes how the Apartheid economy was intended to favour the Whites. As a result, it is arguable if actual economic transformation has been experienced ever since the end of the political demonstration of Apartheid (Cornish-Jenkins, 2015). Although politically Apartheid has ended, the economic legacy debatably lives on, as those who were suppressed by the system have

experienced political freedom, yet, the economy still seems to work to the advantage of the White minority (Terreblanche, 2002).

2.9 SUMMARY OF THE CHAPTER

This chapter discussed the conceptual definitions that support the study; the study discussed the categories and description of SMMEs; poverty concepts and causes; theoretical and conceptual frameworks that underpin the study. Also, it discussed the poverty trends in South Africa and the Richmond local municipality context. Likewise, this chapter discussed literature pertaining to poverty alleviation; such as government policies and initiatives for alleviating poverty were reviewed, and the role of SMMEs in poverty alleviation; and lastly the theoretical and conceptual framework underpinning the study was presented and discussed.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The preceding chapters provided the introduction and the literature review of the study. The purpose of this study as discussed in chapter one was to understand the role of SMMEs in poverty alleviation in the Richmond local municipality. Chapter two of the study which entails the literature review, discussed the conceptual definitions that support the study, reviewed literature with regards to poverty alleviation, BSR, further it provided the theory and conceptual framework that underpins the study. Moreover, it provided background information for the study site. This chapter is focused on the research methodology used for the study. According to Rajasekar, Philominathan and Chinnathambi (2006:5), “research methodology is a systemic way of solving a problem.” The chapter is structured as follows. Firstly, the chapter will discuss the research paradigm, the two major approaches to research, research philosophy, research design, research population, sample size, sampling method, data collection methods, measuring instrument, administration of the questionnaire, data analysis, reliability and validity, pilot testing and ethical clearance.

3.2 RESEARCH PARADIGM

According to Petersen and Gencel (2013:1), the research paradigm also known as philosophical worldviews, refer to “a basic set of beliefs that guide action.” Thus, there are four renowned worldviews which are, post-positivist/positivist; constructivists; pragmatism and advocacy/participatory (Creswell, 2009). Moreover, Thomas (2010) notes that the research process has three major dimensions: epistemology⁴, ontology⁵, and methodology⁶, and the research paradigm is an all-inclusive system of interconnected practice and thinking that describe the essence of enquiry along these three dimensions mentioned above.

3.2.1 PHILOSOPHICAL WORLDVIEWS

3.2.1.1 Constructivists

According to Creswell (2014), constructivists’ assumptions are inclined more to the qualitative approach to research. Constructivism is also identified as interpretivism (Wahyuni, 2012). Constructivists hold positively an opinion that the world is mentally and essentially built (Sekaran and Bougie, 2013). Due to this cognitive, constructivists do not search for the truth (Sekaran & Bougie,

⁴ “Epistemology is the study of knowledge--its nature, sources, limits, and forms.” (Dretske, 2008:1).

⁵ Ontology according to Al Wahshi (2016:116) “refers to a branch of philosophy concerned with articulating the nature and structure of the world”.

⁶ “Methodology is the guidelines in which we approach and perform activities.” (Mohajan, 2018:4).

2013). As an alternative, they seek out understanding the rules people utilise in making sense of the world in which people live and work in by exploring what occurs in people's minds (Sekaran & Bougie, 2013; Creswell, 2014). Put differently, constructivists extract interpretation from people's life experiences (Creswell, 2014). Moreover, constructivism criticises the positivist standpoint that an objective truth exists (Sekaran & Bougie, 2013).

3.2.1.2 Advocacy/participatory

The advocacy and participatory adopt the view that a research study needs to be entwined with politics and consisting of a political agenda (Creswell, 2009). A research of this nature provides a voice to participants and offers them the capability to formulate an agenda for reform. Hence, there is a precise agenda for a study that adopts this framework which seeks for reform. According to Creswell (2009), a study consisting of this framework will address social issues pertinent at the time, for instance, oppression, inequality, domination empowerment alienation and suppression.

3.2.1.3 Pragmatism

The emphasis of pragmatism is on applied, practical research where distinct point of views on research and the subject under study are obliging in resolving the research problem (Sekaran & Bougie, 2013). According to Sekaran and Bougie (2013), pragmatists do not take a specific stance on what constitutes a good research. Alternatively, they have confidence in that any research that is constructed on either observable phenomenon, objective or subjective meanings have potential to develop valuable knowledge contingent on the research questions of the study (Sekaran & Bougie, 2013). Moreover, Creswell (2014) notes the assumption held by the pragmatist worldview is that, instead of researchers concentrating on the methods, rather the researchers must redirect their focus to the research problem and utilise all approaches to comprehend the problem. Furthermore, Sekaran and Bougie (2013) mention that the pragmatist's worldview puts emphasis on the correlation between theory and practice. This approach supports the pluralist approaches to gaining information of the social problem and therefore utilises a mixed method approach to research (Creswell, 2014). According to Creswell (2014:11), "mixed methods researcher's advocates for the use of multiple methods, different worldviews and different assumptions, and different forms of data collection and analysis methods."

3.2.1.4 Post-positivist/positivist

Positivists adopt the view that the aim of research is only to define a phenomenon that can be observed and objectively measured directly (Sekaran & Bougie, 2013). Positivists utilise deductive reasoning to put forth theories that are verified using fixed research designs which are predetermined (Sekaran & Bougie, 2013). Consequently, it is similarly regarded as the empirical science and scientific method of research (Creswell, 2014). Furthermore, the post-positivism view is represented by the traditional form

of research which is mostly inclined towards the quantitative approaches to research rather than qualitative (Creswell, 2014). Therefore, post-positivism in this manner refers to the thinking after positivism thus challenging traditional approaches to research (Creswell, 2014). Concisely, this form of research paradigm entails a deterministic approach; which cautiously observes and measures reality that exists, condenses ideas into a small and distinct set to test; and validates existing theory (Creswell, 2014). Hence, the consequent meaning is wide-ranging, and is often subjective, based on the individual's historical and social backgrounds (Creswell, 2014). With the different worldviews briefly outlined, this study espoused a positivist approach to research as it used the quantitative research approach.

3.3 TWO BASIC APPROACHES TO RESEARCH

There are two basic approaches to research, which are: qualitative and quantitative approach. According to Creswell (2014:183), "Qualitative methods demonstrate a different approach to scholarly inquiry than methods of quantitative research. Although the processes are similar, qualitative methods rely on text and image data, have unique steps in data analysis, and draw on diverse designs." Moreover, Creswell (2014) gives mention of the basic characteristics of qualitative research, such as: the research is conducted in natural settings where the research participants experience the problem or issue being studied, depends on the researcher as the data collection instrument, makes use of various data collection methods, is both deductive and inductive, is founded on the participants' meanings, it embraces researcher flexibility, and is all-inclusive. The typical qualitative approach data collection types are: interviews, observations, documents and audio-visual material. Qualitative methods rely on the descriptive narrative for data analysis.

Muijs (2010:1) notes that a quantitative approach to research is "Explaining phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics)." Thus, a quantitative method is based in the scientific method and depends on statistical processes for analysing data. According to Sufian (2015), quantitative data collection methods make use of well-thought-out data gathering instruments that fit varied experiences into prearranged response categories. Moreover, a quantitative data collection method produces results that are easy to generalise, compare, and summarise (Sufian, 2015). Furthermore, Sufian (2015:93) states that "Typical quantitative data gathering strategies include: Experiments/clinical trials; observing and recording well-defined events (e.g. counting the number of patients waiting in emergency at specified times of the day); obtaining relevant data from management information systems; administering surveys with closed-ended questions (e.g., face-to face and telephone interviews, questionnaires, etc.)."

3.4 RESEARCH PHILOSOPHY

According to Sekaran and Bougie (2013), scientific research follows a logical, rigorous, step-by-step, and organised scientific method to discover a solution to a problem. The hypothetico-deductive method is a typical version of the scientific method, which is popularised by Karl Popper, the Austrian philosopher. This method offers a useful, systematic approach for producing knowledge to resolve managerial and basic problems (Sekaran & Bougie, 2013). The method involves seven steps that are essential in scientific research. Deductive reasoning is the key component in the hypothetico-deductive method (Sekaran & Bougie, 2013). Deductive reasoning is a process that starts with a general theory and then applying this theory to a specific case. According to Wilson (2010), deductive research in nature is concerned in developing hypothesis constructed on existing theory, and then formulating a research plan to test the hypothesis.

Deductive research processes are often used in casual and quantitative studies. Inductive reasoning is a process whereby a specific phenomenon is observed and thus arrive at general conclusions (Sekaran & Bougie, 2013). A research that is inductive in nature “involves the search for patterns from observation and the development of explanations – theories – for those patterns through a series of hypotheses” (Bernard, 2011:7). Moreover, Sekaran and Bougie (2013) mention that the research processes which adopt an inductive approach are frequently utilised in exploratory and qualitative studies. From the research philosophy discussed above, the researcher used a questionnaire survey as a deductive approach to explore insights on the role of SMMEs in the alleviation of poverty in the Richmond local municipality. Likewise, the deductive approach was applied to answer the study research objectives.

3.5 STUDY RESEARCH OBJECTIVES

The principal aim of this study is to explore the connection between SMMEs and poverty alleviation in the Richmond local municipality, KwaZulu-Natal. Below are the objectives of the study that will assist in establishing this connection:

Research Objective 1: To ascertain the role played by the Richmond local municipality SMMEs in the alleviation of absolute poverty.

- The aim of objective 1 is to establish the role that the SMMEs in Richmond play in alleviating absolute poverty.

Research Objective 2: to ascertain the role played by the Richmond local municipality SMMEs in the alleviation of relative poverty.

- The aim of objective 2 is to establish the role that the SMMEs in Richmond play in alleviating relative poverty.

Research Objective 3: To determine the role played by the Richmond local municipality SMMEs towards local community social responsibility.

- The aim of objective 3 is to establish the role SMMEs in Richmond play towards local community social responsibility

3.6 RESEARCH DESIGN

According to Hair, Celsi, Money, Samouel and Page (2016), a research design provides basic directions or procedure for carrying out a research project. Hence, a chosen research design by the researcher should offer appropriate information on the research questions and accomplish the job in the most effectual manner. Sekaran and Bougie (2013:95) note a research design to being “a blueprint for the collection, measurement, and analysis of data, based on the research questions of the study”. A research study can serve several purposes (Babbie, 2017). With many purposes, there are three most useful and usual purposes which are explanation, description, and exploration. However, it can also be noted that a study can have more than one of these purposes. These purposes are briefly discussed below.

Exploration is when a researcher explores a topic to acquaint themselves, this method generally transpires when a researcher explores a new interest or when the subject is new. These type of studies as noted by Babbie (2017:92) “are most typically done for three purposes:

1. to satisfy the researcher’s curiosity and desire for better understanding,
2. to test the feasibility of undertaking a more extensive study, and
3. to develop the methods to be employed in any subsequent study”.

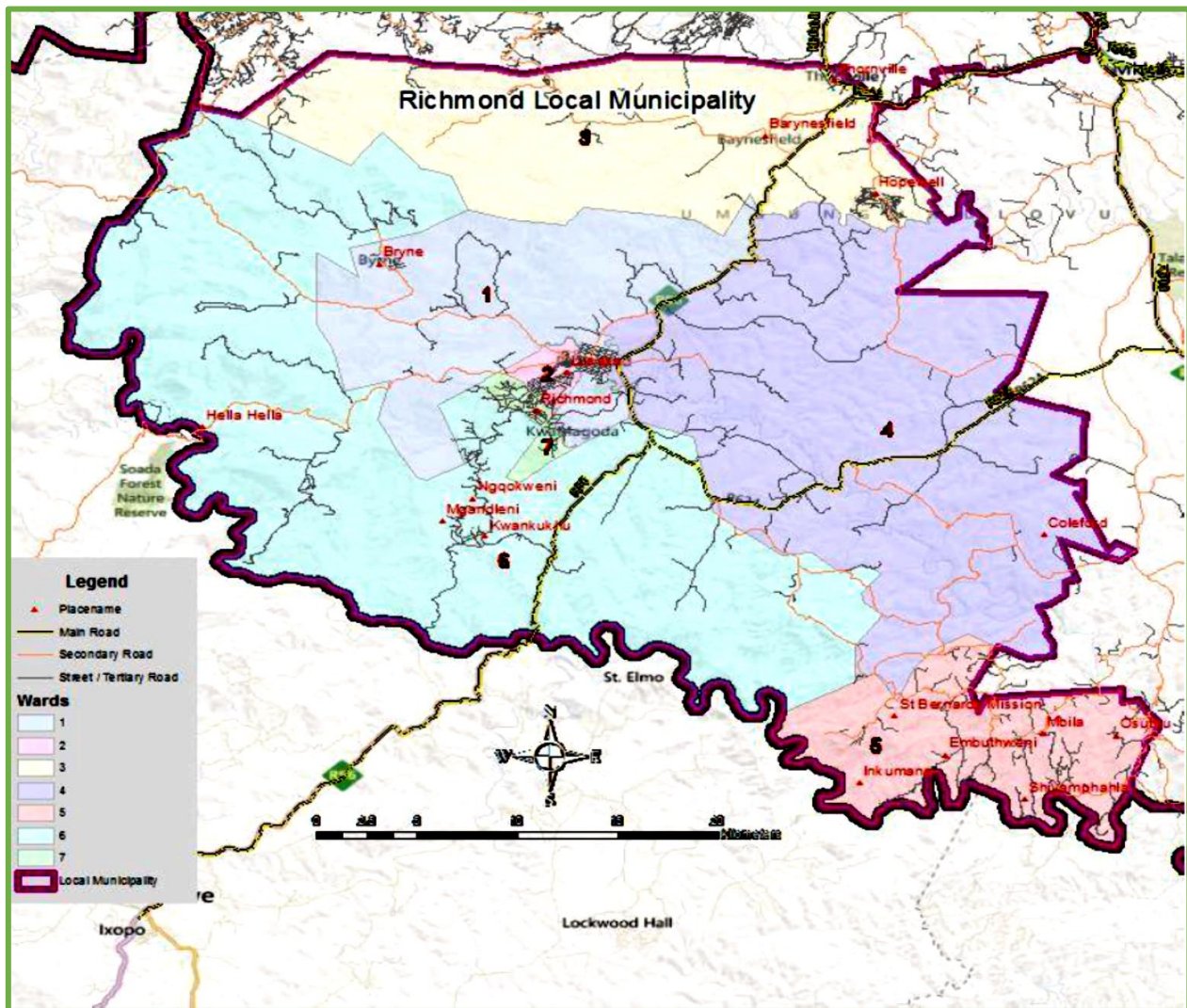
A descriptive study is whereby the researcher observes a situation or event and then describes what was observed, whilst answering the questions of what, where, when, and how. Babbie (2017) notes scientific observation to be careful and deliberate, thus scientific descriptions are typically more accurate and precise than the casual ones. The third general purpose of social science research is to explain situations and events, with the descriptive studies answering the what, where, when and how questions; explanatory studies address the why questions. With regards to this study, a quantitative research method was adopted. The quantitative research design has a positivist paradigm and is predominantly interested in numerical data and analyses, that is, questionnaires. The study has an aim of being both descriptive and explanatory in nature.

3.7 STUDY SITE AND TARGET POPULATION

3.7.1 The Study Site

Figure 3.1 below is the map of the Richmond local municipality.

Figure 3.1: Richmond local municipality Map



Source: Richmond local municipality (2018).

The study site was the Richmond local municipality, which is one of the category B municipalities and includes seven wards. It is situated on the southern part of the uMgungundlovu district municipality and it is the fourth smallest municipality within the uMgungundlovu district municipality family of municipalities. Most of the population resides in areas which are predominantly rural and are categorised by substantial unemployment and low levels of basic services and facilities. The village of Richmond (Ward 1) is recognised as the only urban centre which is the main economic node due to the services provided and the nature of activities which exist within the ward (Richmond local municipality, 2018).

3.7.2 Richmond local municipality Population and Social Setting

According to the Richmond local municipality (2018) the Richmond local municipality has a total population of about 65 793, of the total population 33.5% constitute of young (0-14 years); 61.7% is the working age (15-64 years); and the elderly (65+) make up 4.7% of the total population. The municipality has a sex ratio of 94 males (48, 5%) per 100 females (51, 5%) and the dependency ratio is 62 (Richmond local municipality, 2018). Figure 3.2 below depicts the sex and age distribution of the Richmond local municipality.

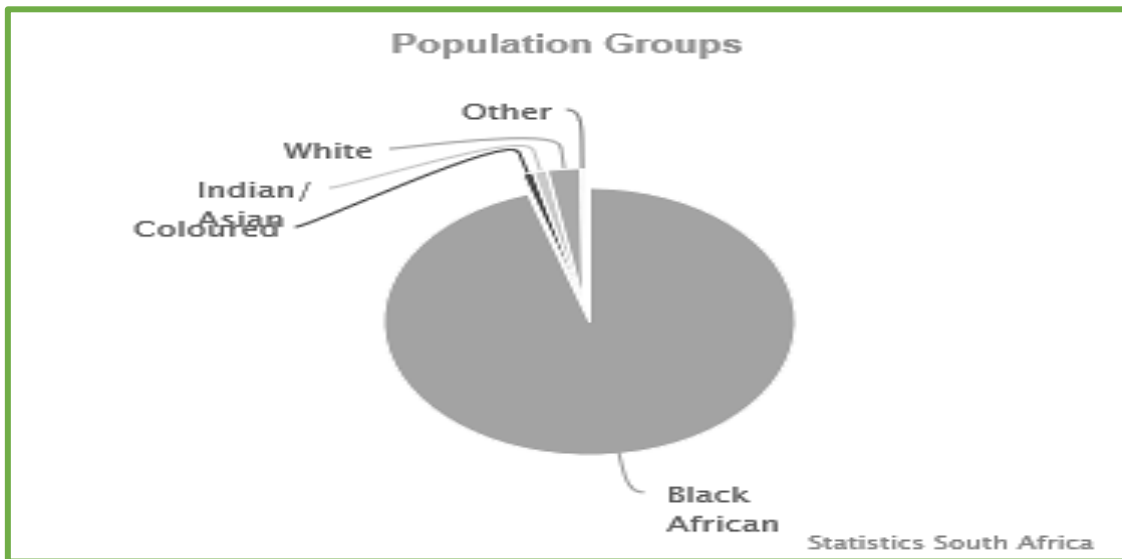
Figure 3.2: Sex and Age Distribution



Source: Stats SA (2011)

In terms of population groups as depicted by Figure 3.3 below, 95,2% of the population comprise of Black Africans; 2,6%, of white population; and a smaller fraction (1,1%) are Indian; the colored population comprise of 0,9% and 0.2% of “other” population make up the rest of the population (Stats SA, 2011).

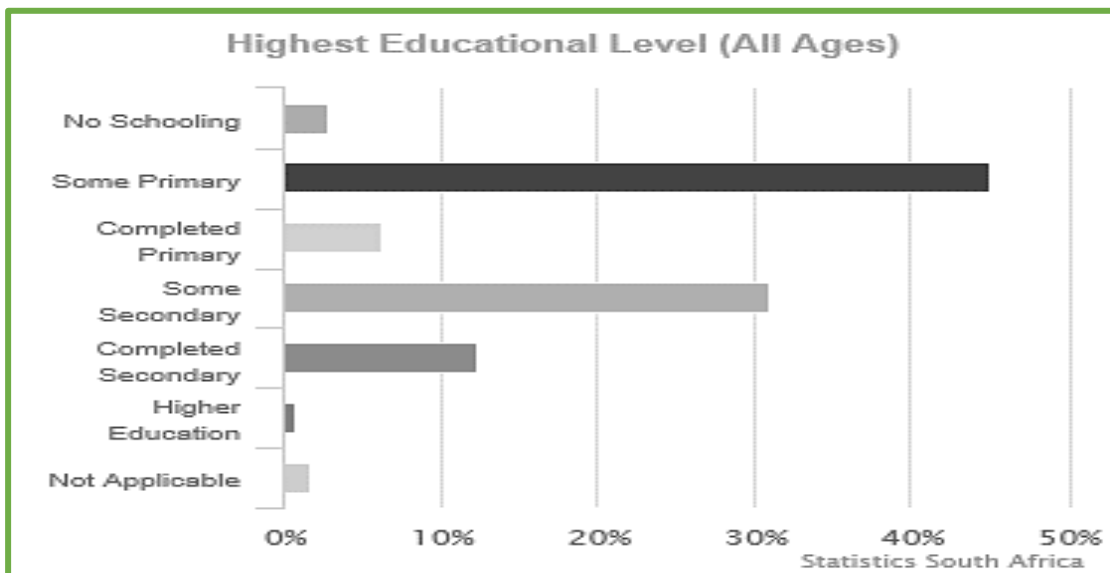
Figure 3.3: Population Groups



Source: Stats SA (2011)

Furthermore, Stats SA (2011) reports that 2.9% of the population of the Richmond Municipality has no schooling; 45.1% has some primary; 6.3% has completed primary; 31% has some secondary; 12.4% has completed secondary; 0.7% consists of the population that has higher education and 1.7% of the population is not applicable. Figure 3.4 below depicts the highest educational levels in the Richmond local municipality.

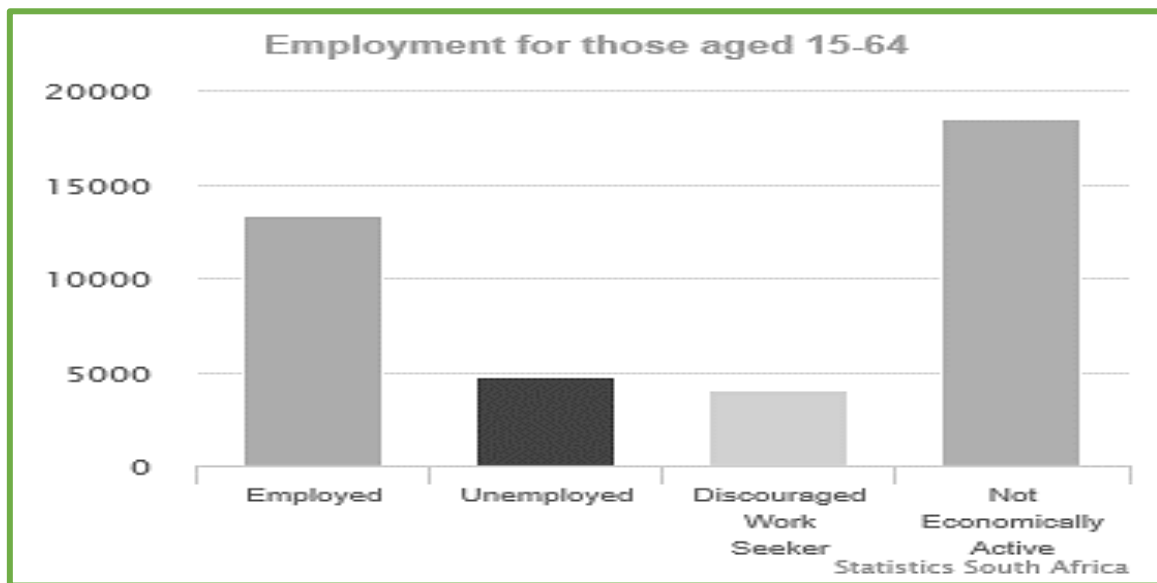
Figure 3.4: Highest Educational levels



Source: Stats SA (2011)

Moreover, the Stats SA (2011) reported the employed population of the municipality consisted of 13 337; the unemployed are 4 753; discouraged work seekers are 4 014 and the not economically active are 18 505. Figure 3.5 below depicts the employment for those within the employability age.

Figure 3.5: Employment for those aged 15 – 64 years



Source: Stats SA (2011)

3.7.3 The target population

The target population is the complete group of objects or elements relevant to the research study (Hair *et al*, 2016). The researcher approached the Department of Local Economic Development (LED) of Richmond local municipality to gather information of the target population, to draw a sampling frame. The LED office database was used since it opportune the researcher the ability to correctly locate and identify the target population participants for the study. Therefore, the target population of the study comprised of 54 SMMEs registered with the Richmond local municipality. The researcher chose to target the registered SMMEs as they would provide suitable and precise information that aligns with the objectives of the study. Moreover, the target population was chosen based on the fact, that they have a specific business premise. Also, because they are legally structured by the institutions of society in a legal and social environment in which alike activities are regulated in.

3.8 STUDY SAMPLE SIZE

A sample size, according to Lavrakas (2008), is the number of units that were chosen from which data were collected. In the study sample size, two sample sizes can be noted, which is a designated sample size that is the number of sample units selected for contact or data collection. Likewise, there is a final sample size, which is the number of the completed units or interviews for which data are collected. Moreover, the author notes the final sample size may possibly be smaller than the designated sample size if there is a substantial ineligibility, non-response, or both (Lavrakas, 2008). Thus, the study only

targeted all the registered SMMEs in the Richmond local municipality and these SMMEs make up a sample size of fifty-four (54) respondents.

3.9 SAMPLING METHOD

Sampling is a technique of selecting a small component or section of the population to represent the whole or target population, whereas a sample size is the entire number of units or people selected to contribute to the study (Yin, 2009). A sample, as defined by Sekaran and Bougie (2013), is a subgroup or a subset of the entire population, meaning a sample contains some members selected from the population. For the purposes of this study, a non-probability sampling method was used. According to Babbie (2017:195) “non-probability sampling is “any technique in which samples are selected in some way not suggested by probability theory”. The sample of this study was drawn from the list of registered SMMEs in the municipality. Thus, purposive sampling was used. Sekaran and Bougie (2010) refer to purposive sampling as the selection of subjects that are largely beneficial or are in the superlative position to offer information that is required. Moreover, Babbie (2017) notes that it is sometimes appropriate to select a sample based on knowledge of a population, its elements, and the purpose of the study. This sampling method is founded on the opinion of the researcher regarding the characteristics of a representative sample (Simons, 2009). This sampling technique may have disadvantages though, such as not enabling statistical generalisations and it may opportune leeway for researcher biases. However, to curb these disadvantages and reinforce the reliability of the data collected, the researcher utilised a census survey or complete enumeration survey. According to Singh and Sahu (2016), in a census survey or complete enumeration survey, all the units of the population of interest are included and the data is collected from each unit. A census survey is especially suited in situations where the population size is very small, or the objectives of research specify complete enumeration.

In complete enumeration, deep insights into the phenomenon at hand are present since all members within the population of interest are sampled. With such an extensive coverage of the population of interest, there is also a minimalised risk of omitting potential insights from members that are not included in the sample. The researcher had a sample frame consisting of fifty-four (54) registered SMMEs which are the total population of interest out of which the sample was derived, thus the researcher surveyed all the SMMEs. The basis behind choosing only the registered SMMEs is because they have a traceable perceived role towards the economy of the Richmond local municipality. However, informal SMMEs also do have a perceived role towards the economy, as confirmed by a

large body of literature. The researcher chose the registered SMMEs based upon the nature and objectives of the study.

3.10 DATA COLLECTION METHOD

Rubin (2012) defines data as information accrued in the process of research whereas data collection instruments denote to devices used to gather data. The study used both primary and secondary data collection methods in addressing the research objectives. According to Curtis (2008), primary data is specifically collected to address the problem at hand and is conducted by the researcher. Primary data may be gathered through in-depth interviews, surveys, focus groups or experiments such as taste tests. Questionnaire survey was the primary data collection method utilised for the study. In contrast to primary data, the secondary data information is readily available and is usually available in published or electronic format. Moreover, secondary data has been examined and structured with a specific purpose in mind, consequently it may have restricted applications to specific research at hand. Nonetheless, some of the advantages of using secondary data include both cost and time saving compared to primary data. For secondary data, the researcher used textbooks, peer-reviewed and published journal articles, government websites, census data, and the internet. Thus, literature was reviewed from these sources, and it provided ample information for the researcher to consider what previous researches have gathered and encompass it into the research study.

3.11 MEASURING INSTRUMENT

The device used to gather data of the study was questionnaires, which is a written set of questions to which respondents record their answers (Sekaran & Bougie, 2013).

3.11.1 Questionnaire

A questionnaire is a document that contains questions and other forms of items designed to elicit information which will be useful and appropriate for analysis (Babbie, 2017). Moreover, it is “a structured framework consisting of a set of questions and scales designed to generate primary data” (Hair *et al.*, 2016:267). Questionnaires with closed-ended questions were distributed to the formal SMMEs in the municipality of Richmond. The use of closed-ended questionnaires was to allow the respondents to answer the questions easily and faster, also answers of the respondents are easier to code and analyse statistically. This research tool fits in well with the research aims and methodology selected for the study and may efficiently enable the researcher to make access to respondents’ experiences or views of the research problem and to attain responses to determine the role played by the SMMEs to poverty alleviation. Nevertheless, according to Babbie (2017), the chief shortcoming

of closed-ended questions lies in the researcher's structuring of responses and in other cases the researchers structuring of responses might overlook some important responses.

The questionnaire made use of a Likert scale. This scale, according to Hair *et al.* (2016:237), "attempts to measure attitudes or opinions". Likert scales commonly utilise a five-point scale to measure the strength of agreement or disagreement regarding a statement in question. The five-point scale was each assigned a numeric value, whereby 1 = Strongly Disagree, 2 = disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree. Each of the responses given by the respondent aimed at answering the specific research objectives. The researcher constructed the questionnaire in English that was easily understandable, as the measuring instrument was self-administered. Moreover, before the respondents participated in the study, the researcher explained what the study is about and the intended outcome of the study. The questionnaire had an informed consent form which had a brief statement which explained the purpose of the survey. The informed consent form will be further explained under the ethical considerations' section.

3.11.2 Questionnaire Design

The design of the questionnaire was ensured that it was answering the research objectives of the study. An example of the questionnaire used for this study is attached in Appendix F.

Section A: Demographics of respondents

This section provides the demographic information of the respondents. This information includes the age, gender, race, and the highest level of education the respondents.

Section B: The nature of Small, Medium and Micro Enterprises

This section provides information about the nature of the SMME that the respondents are engaging in. The section provided options that the SMME owners can tick the nature of their business, the options included: supermarket, hair salon, retail, restaurant or takeaway, appliance repair, etc. Moreover, the questionnaire included an option for the SMME owners to indicate in writing the nature of their business, if the questionnaire did not have a column that represents their nature of business. This section of the questionnaire also included information of the total number of people employed in the SMMEs; and if the SMMEs offer discounts on their goods or services; this information related more on giving insight on the first and second study objectives, which entail the role of SMMEs in alleviating absolute and relative poverty. Moreover, this section presented information on how long the SMMEs have been in operation in Richmond, and their motives for setting up their businesses. Information that gives insight into the CSR aspect was also included; as the questionnaire included information of how

frequently do the SMMEs support the local community, and if they viewed these social responsibility initiatives as an investment or as a cost to the business.

Section C: Alleviation of absolute poverty

This section required the SMMEs to indicate their agreement with the statements aimed at their role in the alleviation of absolute poverty. The questions that were asked in this section were if the SMMEs offer discounts to their customers; how frequently the SMMEs run specials on their goods or services; if the SMMEs provide goods or services in amounts that are convenient to their customers; if the SMMEs ensure that they are environmentally friendly; if their daily activities contribute to air pollution; if they sell products that contain harmful chemicals and if the SMME produces waste that litters the environment.

Section D: Alleviation of relative poverty

This section required the SMMEs to indicate their agreement with the statements aimed at their role in the alleviation of relative poverty. Questions that were asked in this section aimed at establishing: if the SMMEs employ people who reside in the Richmond municipal area; if the employees of the SMME are hired and paid based on their level of education or skills; if the SMME has a bank account in which all profits are deposited; if whether the SMME contributes to the economic development of the Richmond local municipality; if the SMME offers business advice to interested entrepreneurs; if employees of the SMMEs are given bonuses; and if the SMME has fair working hours for its employees.

Section E: SMMEs' social responsibility

This section of the questionnaire required the SMMEs to indicate their agreement with the statements aimed at giving insight on their role towards social responsibility. The questions that were asked in this section were meant to establish: if the SMMEs conduct their business in an ethical manner such as, adhering to minimum wage payments; if the SMME uses local agricultural produce and local goods/services; if the SMMEs make donations to local charities and/or orphanages; if the SMME provides support for disaster areas during emergencies and/or raises funds for social support activities; if the SMME sponsors or donates of their goods/services to community projects; if the SMME provides its goods/services to homeless people free of charge; if SMMEs employ local children under the age of 15 years; if employees of the SMMEs have freedom of speech; if SMMEs are against any form of discrimination towards its employees and customers and if the SMMEs adopt competitive pricing practices.

3.11.3 Administration of questionnaires

The questionnaires were personally administered. According to Sekaran and Bougie (2013), the key advantage of this technique is that the researcher can collect all the completed questionnaires in a short period of time. This approach was used because it is cost effective and is an easy way of administering questionnaires (Zikmund, Babin, Carr, and Griffin, 2013). Also, any uncertainties that the respondents might have regarding any question can be clarified on the spot, and almost a 100% response rate can be attained. The researcher is also afforded the chance to present the research topic and motivate the respondents to provide their honest answers. The researcher personally distributed fifty-one (n=51) questionnaires to the owners of the SMMEs in the Richmond local municipality. Therefore, the response rate of the SMMEs was 94.44%.

3.12 DATA ANALYSIS

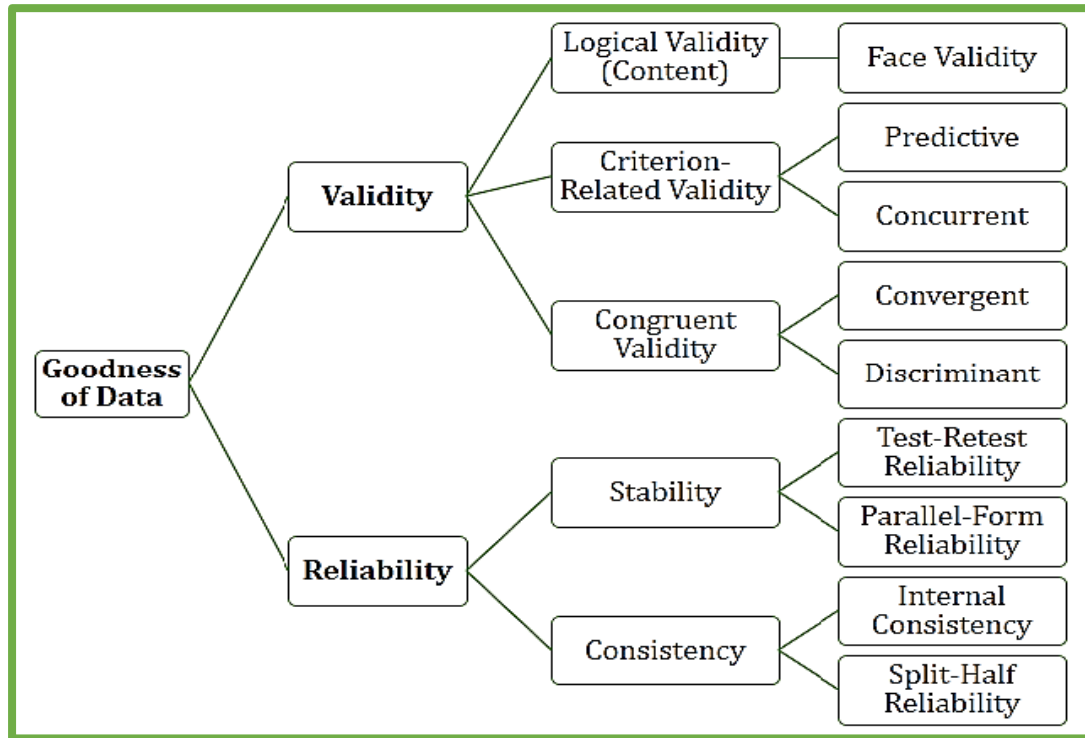
According to Rubin (2012), data analysis is the art of analysing new information with the purpose of drawing conclusions about that data. Quantitative analysis was employed. According to Babbie (2017), quantitative analysis is the numerical manipulation and illustration of observations with an aim of explaining and describing the phenomena the observations reflect. The quantitative data, consisting of questionnaires with closed-ended questions, was analysed using the Statistical Package for Social Sciences (SPSS) version 22.0. The data was further analysed quantitatively using inferential and descriptive statistics. A brief explanation of these statistics is given below:

Descriptive statistics, according to Saunders, Lewis and Thornhill (2016:527) “enable you to describe (and compare) variables numerically”. In describing a variable, descriptive statistics focus on two aspects which are: central tendency and dispersion. The three focal ways of measuring central tendency are mode; median and mean. The study therefore utilised these methods in translating the data graphically into tables and graphs. Furthermore, inferential analysis was conducted using one *t*-tests, Analysis of variance (ANOVA) and chi-square tests. These measures were applied to test for significant trends in the data. The study hypotheses were tested using one sample *t*-test and throughout a p-value of 0.05 was used to indicate significance. According to Sekaran and Bougie (2013:311), “a *t*-test indicates whether there is a significant mean difference in a dependent variable between two groups, and moreover, ANOVA helps to examine the significant mean differences among more than two groups on an interval or ratio-scaled dependent variable”. Furthermore, Saunders *et al.* (2016:711-712) define a chi-square test as a “statistical test to determine the probability that two categorical data variables are independent. A common use is to discover whether there are statistically significant associations between the observed frequencies of two variables presented in a cross-tabulation.”

3.12.1 Reliability and Validity

According to Morris and Burkett (2011), research methodology is judged for rigor and strength based on validity, and reliability of a research. Reliability and validity goodness of data is depicted below by Figure 3.6:

Figure 3.6: Goodness of data



Adapted from: Sekaran and Bougie (2016:221)

The constructs for goodness of data depicted by Figure 3.6 above will be discussed as follows: -

Reliability

Reliability relates to the quality of measurement methods that proposes that the similar data would have been collected each time in recurrent observations of the similar phenomenon. According to Babbie (2017:149), “reliability is a matter of whether a particular technique, applied repeatedly to the same object, yields the same result each time. Social researchers have developed several techniques for cross-checking the reliability which are through the test-retest method, the split-half method, the use of established measures and the examination of work performed by research workers.” Likewise, Saunders *et al.*, (2016) outline three common methods to evaluating reliability which are: test-retest; internal consistency and alternative form.

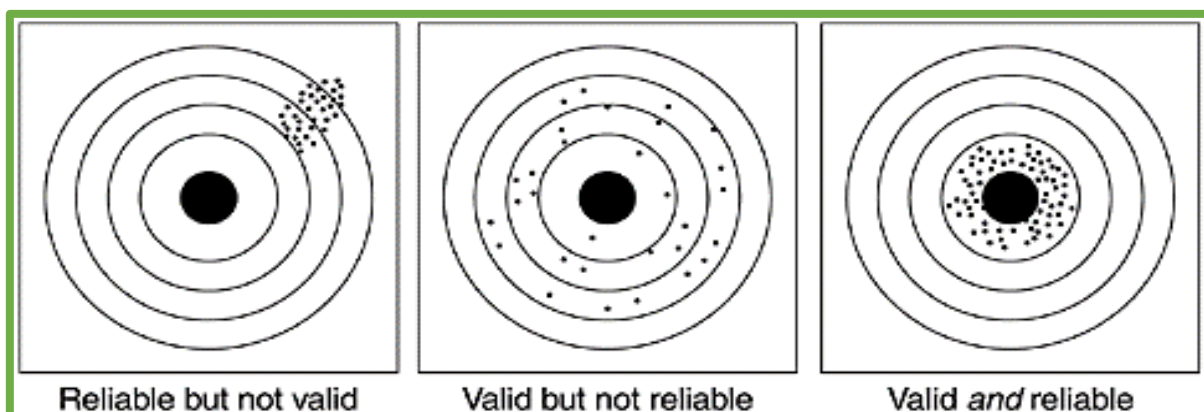
Validity

Validity denotes the degree to which an empirical measure satisfactorily reflects the actual meaning of the concept which is under consideration (Babbie, 2017). There are validity measures that have been

mentioned by Babbie (2017), which are content validity, construct validity, and criterion-related validity. According to Sekaran and Bougie (2013), content validity ensures that the measure consist of representative and enough set of items that tap the content. Likewise, Saunders *et al.* (2016) mention content validity to be the degree to which the measurement device offers adequate coverage of the investigative questions. Within content validity there is face validity which indicates that the items that are intended to measure a concept, do, on the face of it, look like they measure the concept. Moreover, Sekaran and Bougie (2016:221) note “criterion-related validity is established when the measure differentiates individuals on a criterion it is expected to predict. This can be done by establishing concurrent or predictive validity as explained as follows: Concurrent validity is established when the scale discriminates individuals who are known to be different.”

Within criterion-related validity, the authors mention predictive validity, which specifies the ability of the measuring instrument to distinguish amongst individuals with reference to a future criterion. Moreover, Saunders *et al.* (2016:450) note that construct validity refers to “the extent to which a set of questions actually measures the presence of the construct you intended to measure”. Similarly, it attests to how well results acquired from the use of the measurement fit the theories for which the test is intended (Sekaran & Bougie, 2016). According to Sekaran and Bougie (2016), convergent validity is determined when the scores acquired with two dissimilar instruments assessing the same concept are greatly correlated. In contrast, discriminant validity denotes two variables that are predicted to be uncorrelated when founded on theory and by measuring the scores obtained. They are indeed found to be empirically so. According to Babbie (2017), a good measurement technique should be both valid and reliable. Figure 3.7 depicts the analogy of validity and reliability.

Figure 3.7: An analogy to validity and reliability



Source: Babbie (2017:155)

Figure 3.7 above illustrates the dissimilarity between validity and reliability. Babbie (2017) suggest that if you think of measurement as comparable to shooting repetitively at the bull’s-eye on mark, it

can be noted that reliability appears like a “tight pattern”, irrespective of where the shots are targeted, since reliability is focused on consistency. Whereas, validity is represented by the shots that are being arranged around the bull’s-eye and not on the bull’s eye. The analogy reveals the failure of both reliability and validity in this regard. As noted by Babbie (2017), reliability in the Figure above is aimlessly dispersed around the target and on the other hand the failure of validity is being systematically off the mark, hence neither of the measurements are useful.

For data quality control, the researcher employed steps of reliability and validity. Reliability is concerned with questions of consistency and stability and if the same measurement tools provide consistent and stable results when they are iterated over. Thus, to examine the reliability of the instrument, a pre-test was conducted on five (5) respondents, as this is required to ensure consistency, ease understanding and question sequence suitability. Similarly, the internal consistency, Cronbach’s alpha statistic, was applied to check the reliability of all variables utilised in the questionnaire. Cronbach’s alpha, according to Sekaran and Bougie (2013), is a reliability coefficient that is concerned with showing how well items in a set are positively connected to one another. Moreover, as the questionnaires were hand-delivered by the researcher, it also offered the researcher an opportunity to clarify any issues raised by the respondents regarding the statements of the questionnaire that may be unclear.

3.13 PRE-TEST OF THE QUESTIONNAIRE

Hair (2016) state that a questionnaire should not be administered before the researcher has evaluated the consistency and accuracy of the responses. To achieve this is through pre-testing the questionnaire utilising a sample of respondents with similar characteristics to the targeted population. Moreover, pre-tests are referred to a pilot test, which is essentially a pre-test that comprises refining or the development of a scale to measure a construct. The guaranteed protection from errors is to pre-test the questionnaire in part or in full, by giving it to “the ten people in the bowling league, for example. It’s not usually essential that the pre-test subjects compose a representative sample, although you should use people for whom the questionnaire is at least relevant” (Babbie, 2017:265). Similarly, Hair, Money, Samouel and Page (2007:279) note “the sample for pre-testing may include four or five individuals but not more than thirty individuals”. The study questionnaires were pre-tested on five SMMEs, who were in the similar business sector as the targeted population with the minor difference of not being formally registered with the LED office of the Richmond local municipality. The responses obtained from these SMMEs did not make up the data that was analysed for the study. The

data was used particularly to fine-tune the questionnaire to ensure the consistency and accuracy of the responses before the questionnaires were administered to the targeted population.

3.14 ETHICAL CONSIDERATIONS

Ethical clearance approval to conduct the study was sought from the University of KwaZulu-Natal ethical committee and a copy of the ethical clearance is attached in Appendix D. Since the issue of ethical requirements is important in any research, the researcher notified the research participants about the purpose of the study and that their participation in the survey was solely on a voluntary basis. The participants were required to complete an informed consent form before completing the questionnaire as evidence that they were willing to take part in this research project. A copy of the informed consent form is attached in Appendix A. The participants were also assured that their anonymity and confidentiality were going to be maintained throughout the study. The questionnaire was designed in such a way that the contents (questions) were not going to emotionally harm the participants. The participants were given an opportunity to peruse the questionnaire and raise any queries they may have had. Anonymity and confidentiality were ensured. There were no conceivable risks involved when participating in this study as the information obtained was only used for this study and the participants remained anonymous because their responses were analysed as aggregated data.

3.15 SUMMARY OF THE CHAPTER

This chapter discussed the research methodology adopted for the study. Key issues discussed include the research paradigm, the research design, research population and sample size, sampling technique, data collection methods and how the empirical data was analysed. The chapter concluded by discussing issues of reliability and validity including pretesting of questionnaires and how research ethics was incorporated in the research study. Since the research was exploratory in nature, a quantitative research approach was utilised with regards to the research methodology. Primary data was collected through a questionnaire-based survey which helped the researcher to obtain the views of the formal SMMEs. Chapter four analyses and presents the empirical findings of the study.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 INTRODUCTION

The previous chapter established the methodological framework of the study that was used. This chapter seeks to present and discuss the research findings of the data collected from the formal SMMEs in the Richmond local municipality. The chapter is divided into ten major sections. The chapter commences by conferring the response rate and the reliability test results using Cronbach's alpha statistics. The demographic data of the respondents is analysed next. Thereafter, the empirical findings are presented and analysed according to the six research objectives of the study. Since the study adopted a mixed method research approach, the qualitative and quantitative research findings are combined in the analysis of research findings.

4.2 RESPONSE RATE

The study targeted a sample size of fifty-four (54) respondents. A total of fifty-one (51) respondents contributed in the research findings. Therefore, the response rate of the SMMEs was 94.44%.

4.3 RELIABILITY TESTING

To ensure reliability, a Cronbach's alpha test was conducted on the three constructs of the study, excluding the general background information of the respondents. The results of Cronbach's alpha are presented in Table 4.1 below:

Table 4.1: Reliability test - Cronbach's alpha

<i>Construct</i>	<i>Valid cases (N)</i>	<i>Number of items</i>	<i>Cronbach's alpha</i>
Absolute poverty	51	3	0.599
Relative poverty	51	5	0.772
Social responsibility	51	8	0.762

According to Sekaran and Bougie (2013:293), "the closer Cronbach's alpha is to 1, the higher the internal consistency reliability, and in general reliabilities less than 0.60 are considered to be poor, those in the 0.70 range are acceptable and those over 0.80 are good." The results of the study in Table 4.1 show the absolute poverty construct with a Cronbach's alpha of 0.59 which is considered as a poor measure; however, it is not altogether unreliable. This is because there are only three (3) items included, hence a low Cronbach alpha. According to Kiliç (2016:47), "the results should be considered whether if a low value of alpha that could be due to a low number of questions in the scale." This coincides with Kaiser (1974), who recommended accepting values ≥ 0.5 . Moreover, Field (2014)

suggests that in the early stages of research, a Cronbach alpha value of 0.5 usually suffices. The other two constructs, relative poverty and social responsibility have an acceptable Cronbach's alpha measure as they concur with Ursachi, Horodnic and Zait (2015), who classified the value of alpha of 0.6 - 0.7 as an acceptable level of reliability.

4.4 DESCRIPTIVE STATISTICS

This section of the study presents and discusses the descriptive statistics of the study.

4.4.1 Demographic and background information of the respondents

The information analysed in this section include the age, gender, race and the highest level of education of the respondents.

4.4.1.1 Age of respondents

The age of the respondents is displayed in Figure 4.1 below:

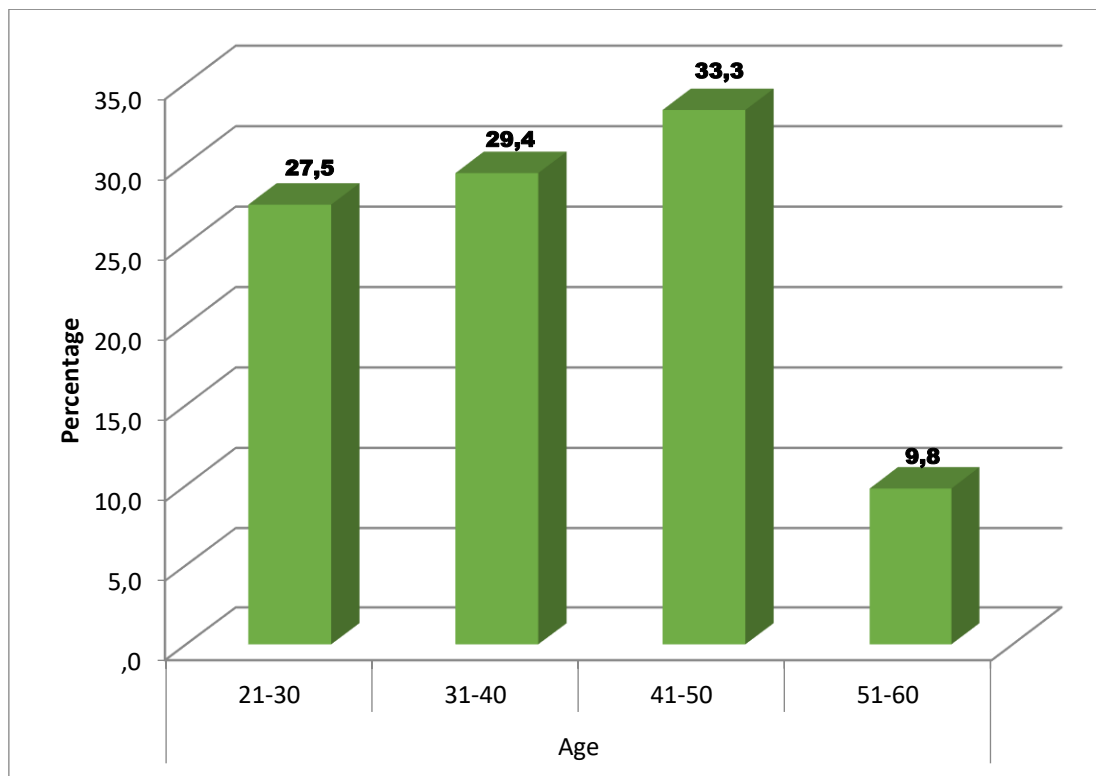


Figure 4.1: Age of respondents

Figure 4.1 above indicates that most 33.3% (n=17) of the respondents are between the age group 41 - 50 years old, followed by the age group 31 - 40 and the 21 - 30 years' category with 29.4% (n=15) and 27.5% (n=14) respectively. Lastly, the age group 51 - 60 years with the least respondents is 9.8 % (n=5) of the targeted population.

4.4.1.2 Gender of respondents

The gender of the respondents is displayed in Figure 4.2 below:

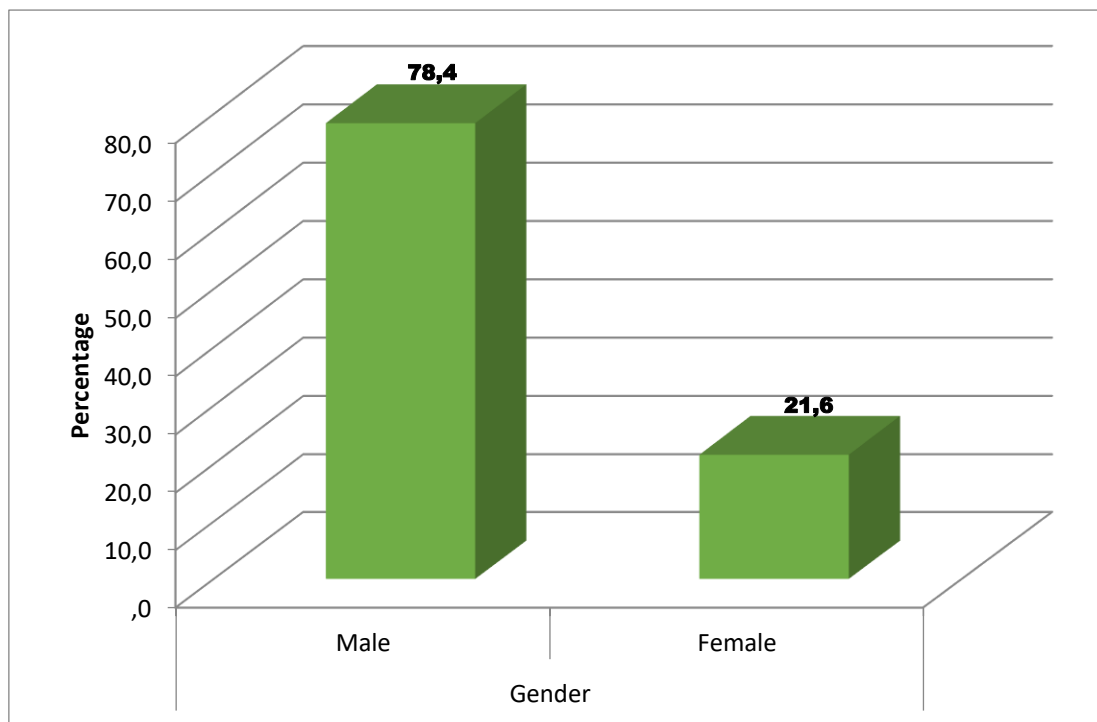


Figure 4.2: Gender of the respondents

The study was dominated by male participants as showed by the empirical results. The female respondents constituted 21.6% (n=11), whereas the male respondents were 78.4% (n=40).

4.4.1.3 Race of respondents

The race of the respondents is displayed in Figure 4.3 below:

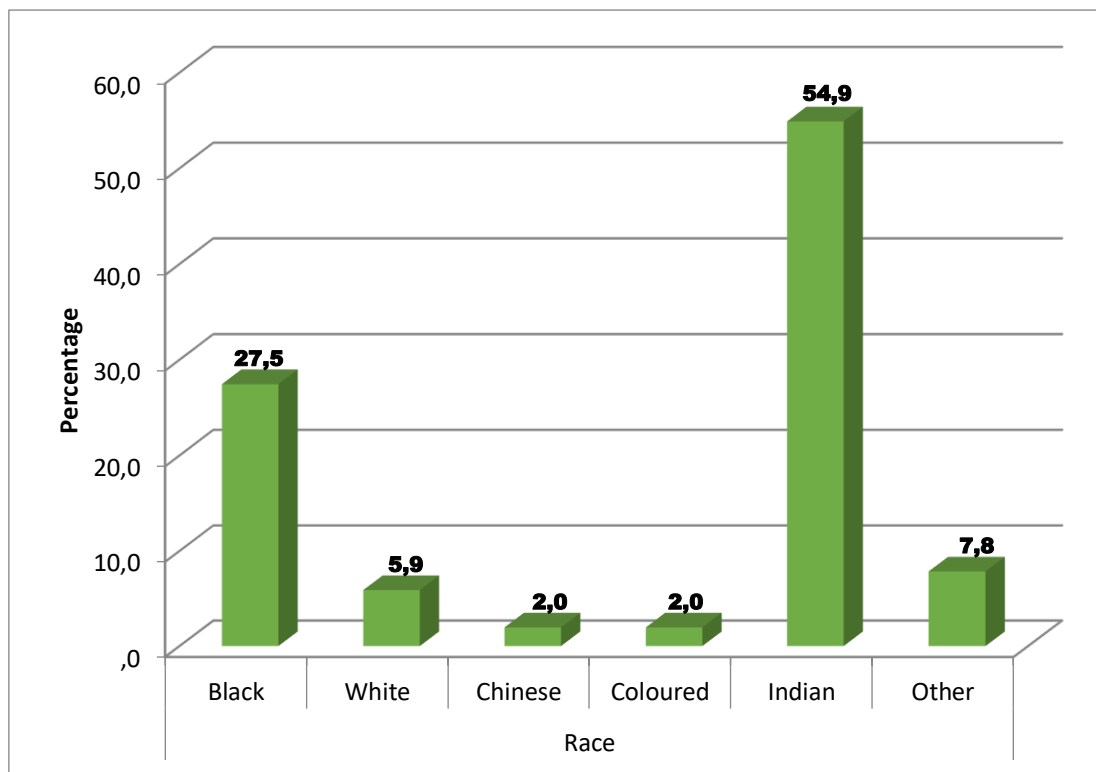


Figure 4.3: Race of the respondents

In terms of the respondents' racial grouping, Figure 4.3 shows that most of the respondents of the study are Indian 54.9% (n=28), followed by black to be 27.5% (n=14). The respondents that had specified other racial groups than the one provided in the questionnaire survey are Bangalis (n=3) and Pakistan (n=1), these racial groups are represented by 7.8% (n=4), and white respondents represented by 5.9% (n=3). The least respondents of the study were Chinese and Coloured both being 2.0% (n=1).

4.4.1.4 Educational levels of the respondents

The results on the highest educational levels of respondents are depicted in Figure 4.4 below:

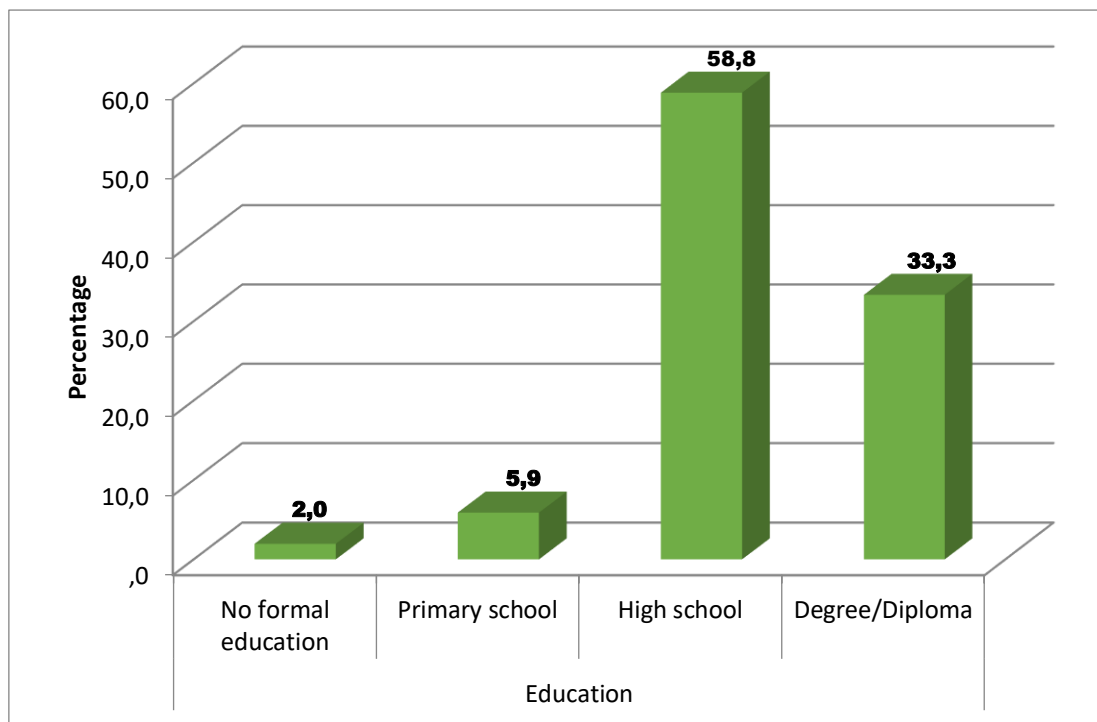


Figure 4.4: Highest educational level of respondents

Most of the respondents have high school as their highest level of education as represented as 58.8% (n=30), followed by having a degree/diploma as represented by 33.3% (n=17). Moreover, Figure 4.4 shows that a few of the respondents have primary or no formal education which is represented as 5.9% (n=3) and 2.0% (n=1) respectively.

4.4.1.5 The nature of Small, Medium and Micro Enterprises (SMMEs)

The results on the nature of SMMEs are depicted below in Figure 4.5 below:

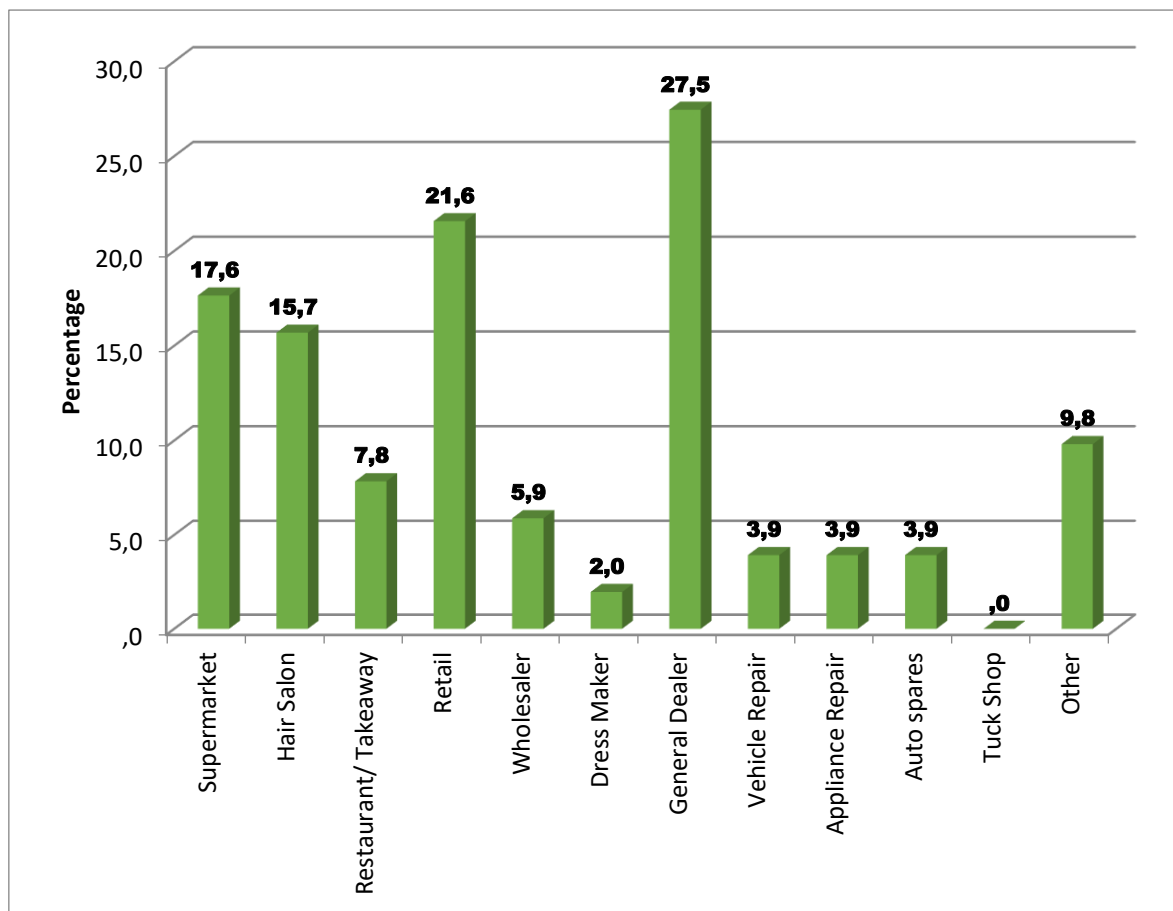


Figure 4.5: Nature of SMMEs

Figure 4.5 depicts the nature of SMMEs located in the Richmond local municipality from the most dominant to the least. The targeted population was represented by most of general dealers with 27.5% (n=14), 21.6% (n=11) of retail, 17.6% (n=9) of supermarket and 15.7% (n=8) of hair salons. This is followed by 9.8% (n=5) representing other specified nature of SMMEs being an electronics and photo printing (n=1), hardware (n=1), thrift shop (n=1), architects (n=1) and a pub/restaurant (n=1). Furthermore, 7.8% (n=4) constituted of restaurant/takeaway and 5.9% (n=3) of wholesalers. The following nature of SMMEs represented the least, being the vehicle repair, auto spares and appliance repair with 11.7% (3.9% + 3.9% + 3.9%), all three with (n=2). The dress maker represented the very least with 2.0% (n=1).

4.4.1.6 Total number of people employed in the SMME

The results on the total number of people employed in the SMME are depicted in Figure 4.6 below:

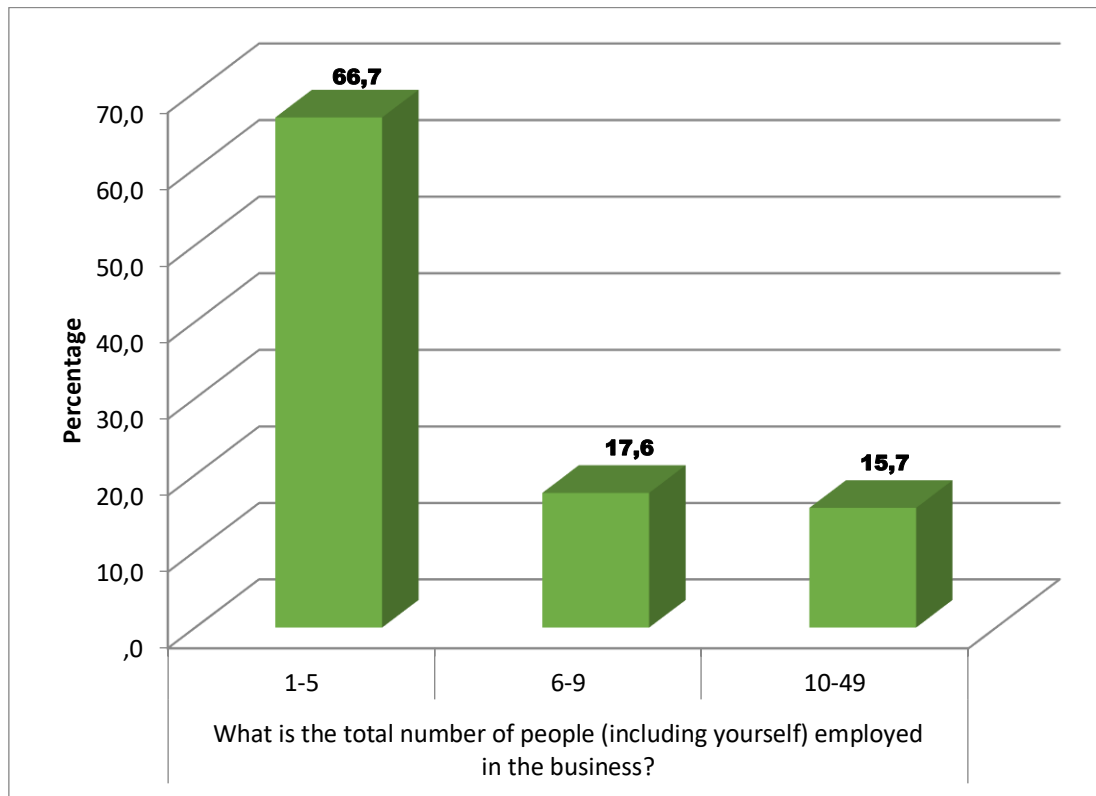


Figure 4.6: Number of people employed in the SMME

Figure 4.6 shows the number of people employed in the different SMMEs, including the owners. A total of 66.7% (n=34) SMMEs reported to have employed 1-5 employees, 17,6% (n=9) SMMEs employed a total number of 6-9 employees and 15,7% (n=8) employed between 10-49 employees.

4.4.1.7 SMME year(s) in operation

The results on the number of year(s) the SMMEs have been operating in the Richmond local municipality are depicted in Figure 4.7 below:

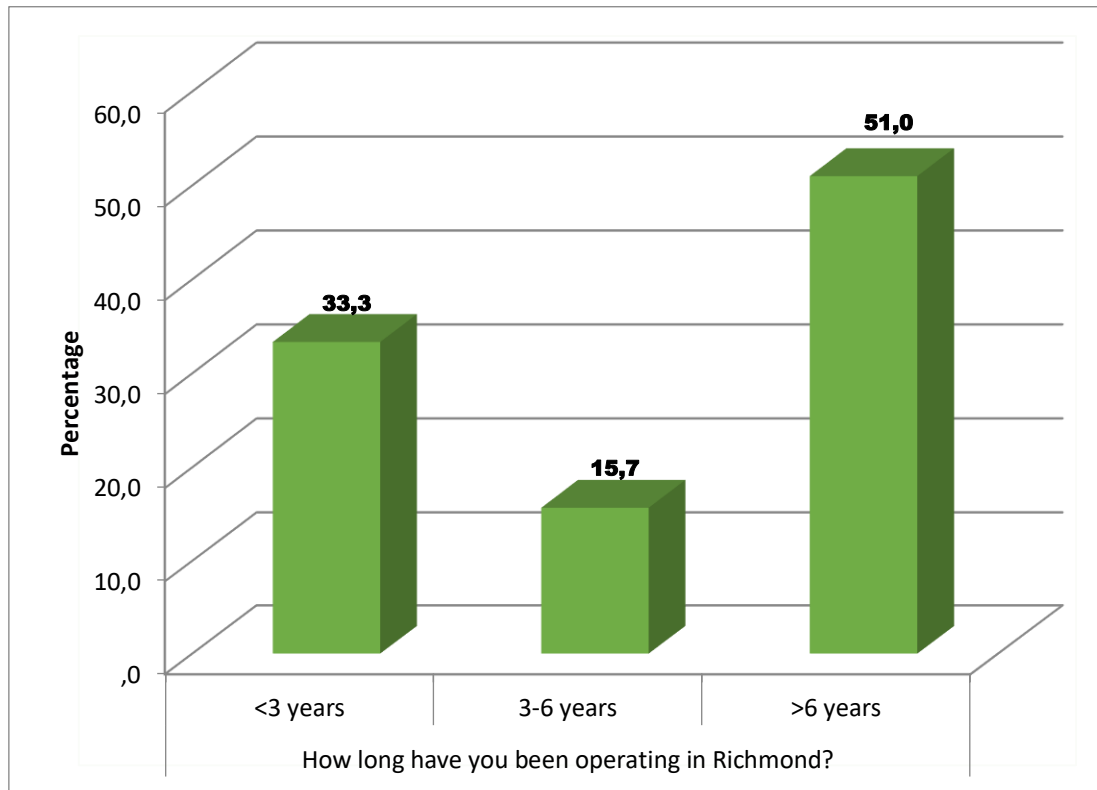


Figure 4.7: Number of year(s) the SMMEs have been in operation in Richmond local municipality

Figure 4.7 depicts the number of years each of the SMMEs has been operating in the Richmond local municipality. Most of the SMMEs have been operating in Richmond local municipality for over six years which is represented by 51,0% (n=26), other SMMEs have been operating for less than 3 years and the others fall under the 3-6 years category, which are represented by 33,3% (n=17) and 15,7% (n=8) respectively.

4.4.1.8 Motive of setting up an SMME in Richmond local municipality

The results on the respondents' motives for setting up a SMME in Richmond local municipality are depicted in Figure 4.8 below:

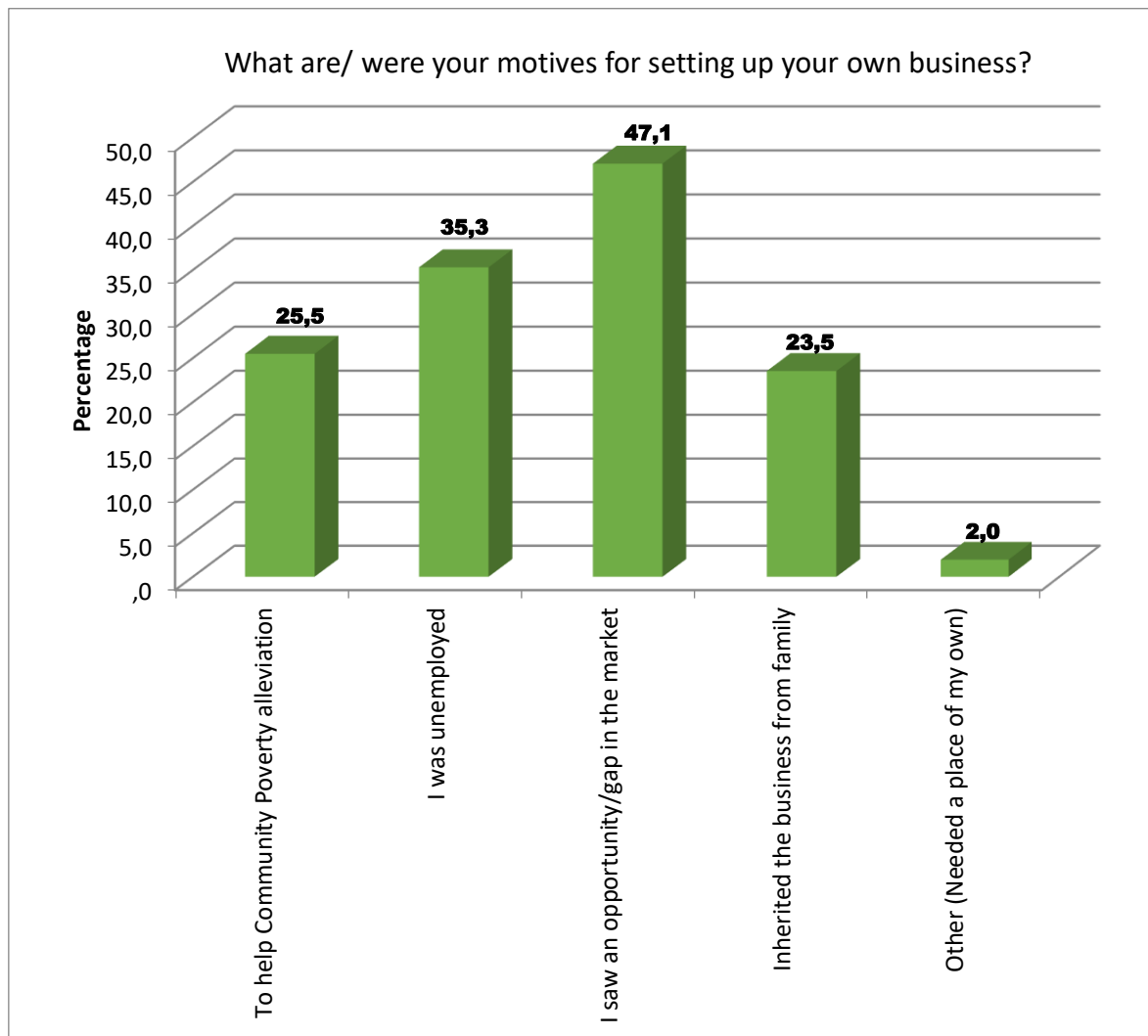


Figure 4.8: Motive of setting up an SMME in Richmond local municipality

Figure 4.8 displays the results of the different motives that the SMME owners opened their businesses in Richmond. The results reveal opportunity/gap in the market as the leading motive for SMMEs to set up their business, as it is represented by 47,1% (n=24), 35,3% (n=18) reported to be because they were unemployed, 25,5% (n=13) was because they wanted to help with community poverty alleviation, 23,5% (n=12) currently owned or ran the SMME because they inherited it and 2,0% (n=1) specified other motives which is that they opened an SMME because they needed a place of their own.

4.4.1.9 SMME social responsibility

The results on the social responsibility of the SMMEs are depicted in Figure 4.9 below:

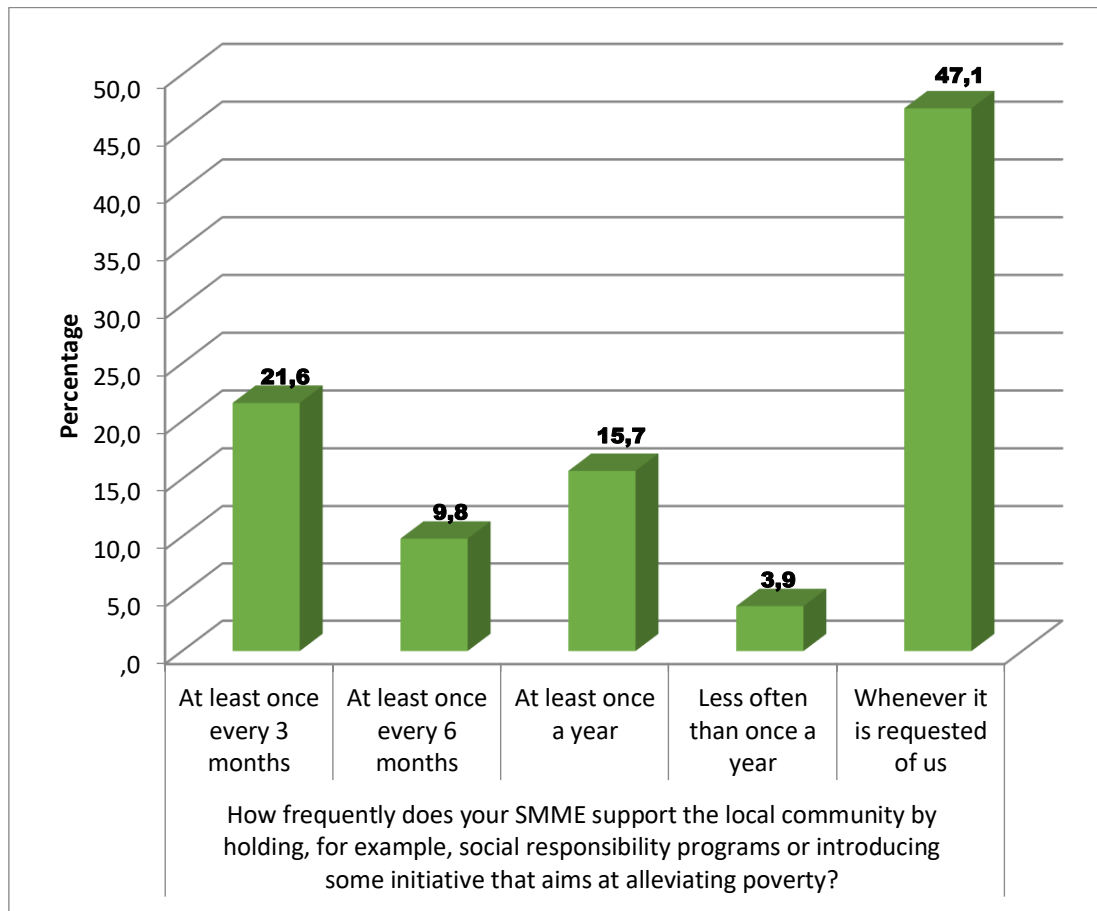


Figure 4.9: SMME social responsibility

Figure 4.9 shows the role of SMMEs in social responsibility initiatives that aim at alleviating poverty. In this regard, most of the SMMEs reported to only participate in social responsibility whenever it is requested of them and this statement is represented by 47,1% (n=24), 21,6% (n=11) said they participate at least once every 3 months, 15,7% (n=8) participate at least once a year and the other SMMEs participated at least once every 6 months and less often than once a year, which is represented by 9,8% (n=5) and 3,9% (n=2) respectively.

4.4.1.10 SMMEs' views of social responsibility initiatives

The results on the SMMEs' views of social responsibility initiatives are depicted in Figure 4.10 below:

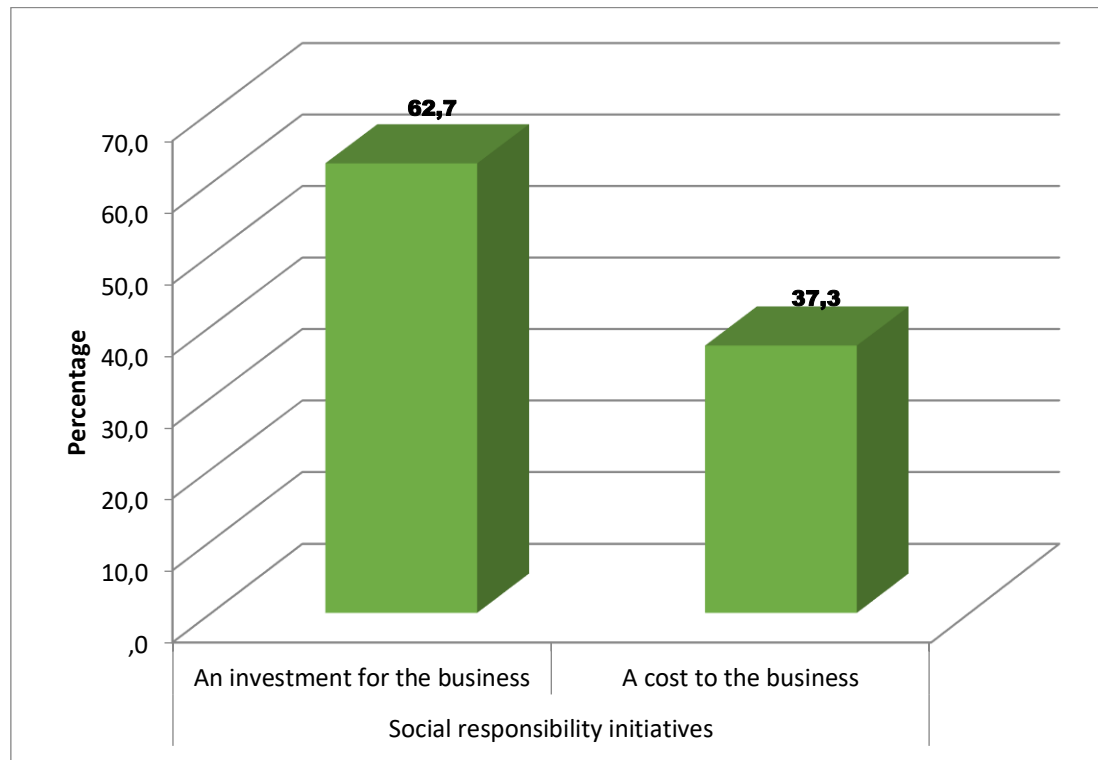


Figure 4.10: SMMEs' views of social responsibility initiatives

Figure 4.10 shows how SMMEs view social responsibility initiatives. Most SMMEs 62,7% (n=32) view the initiatives as an investment for their business and 37,3% (n=19) view a social responsibility initiative as a cost to their business.

4.5 PRESENTATION OF RESULTS IN RELATION TO OBJECTIVES

The following section presents and discusses the results relating to the three objectives of the study.

4.5.1 Research Objective 1: To ascertain the role played by the Richmond local municipality SMMEs in the alleviation of absolute poverty

4.5.1.1 Hypothesis 1: These are the proposed hypothesis relating to the first objective:

H₀: There is a no role played by the SMMEs towards absolute poverty alleviation in the Richmond local municipality

H₁: There is a role played by the SMMEs towards absolute poverty alleviation in the Richmond local municipality

Table 4.2: Summary of Absolute poverty

Absolute poverty		Frequency distribution					Descriptive statistics		
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree/Strongly Agree	Mean	Std. Dev
Q11.1: We offer discounts on goods/services sold at this SMME	Freq	0	2	9	24	16			
	%	0%	3.9%	17,6%	47.1%	31.4%	78.5%	4.06	0.810
Q11.2: We frequently run specials on our goods/services	Freq	3	7	8	22	11			
	%	5.9%	13.7%	15.7%	43.1%	21.6%	64.7%	3.61	1.150
Q11.3: We provide goods/services in amounts that are convenient to our customers	Freq	2	4	2	26	17			
	%	3.9%	7.8%	3.9%	51.0%	33.3%	84.3%	4.02	1.029
Q11.4: This SMME ensures we are environmentally friendly	Freq	0	0	4	27	20			
	%	0%	0%	7.8%	52.9%	39.2%	92.1%	4.31	0.616
Q11.5: The activities of this SMME contribute to air pollution	Freq	22	14	1	11	2			
	%	43.1%	27.5%	2.0%	21.6%	3.9%	25.5%	2.14	1.309
Q11.6: This SMME sells products that contain harmful chemicals	Freq	23	21	3	2	2			
	%	45.1%	41.2%	5.9%	3.9%	3.9%	7.8%	1.80	1.000
Q11.7: This SMME produces waste that litters the environment	Freq	14	14	5	14	4			
	%	27.5%	27.5%	9.8%	27.5%	7.8%	35.3%	2.61	1.358

There is *significant agreement* that SMMEs: offer discounts (M=4.06, SD = .810), $t(50) = 9.333$, $p < .0005$; frequently run specials (M=3.61, SD=1.150), $t(50) = 3.774$, $p < .0005$; provide goods/services in convenient amounts (M=4.02, SD = 1.029), $t(50) = 7.074$, $p < .0005$; and are environmentally friendly (M=4.31, SD = .616), $t(50) = 15.227$, $p < .0005$.

Moreover, there is *significant disagreement* that SMMEs: contribute to air pollution (M=2.14, SD = 1.309), $t(50) = -4.644$, $p < .0005$; sell products that contain harmful chemicals (M=1.80, SD = 1.000), $t(50) = -8.538$, $p < .0005$; and produces waste that litters the environment (M=2.61, SD = 1.358), $t(50) = -2.063$, $p < .0005$.

4.5.1.2 SMMEs' role in absolute poverty alleviation

The results on the SMMEs' role in alleviating absolute poverty are depicted in Figure 4.11 below:

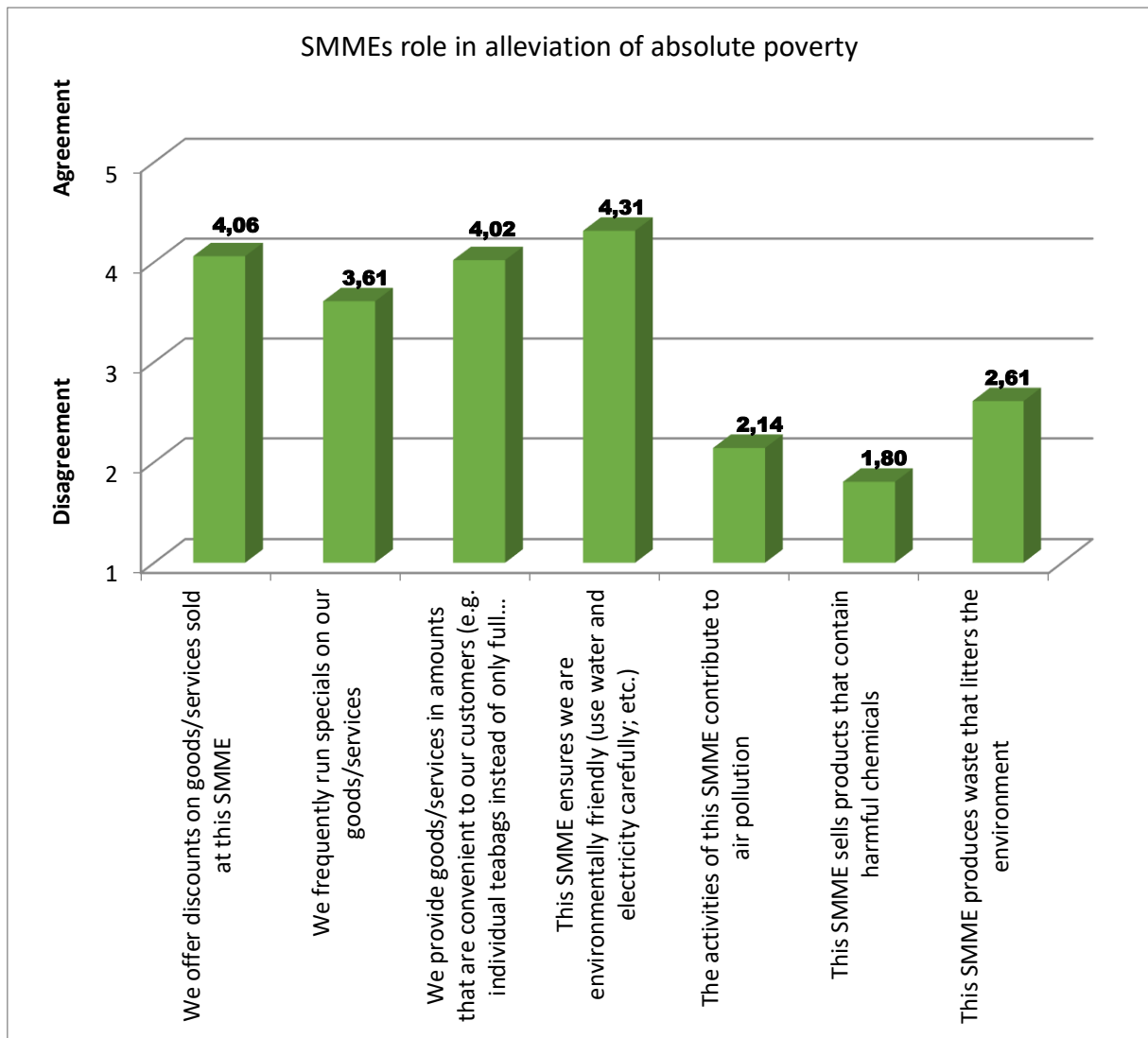


Figure 4.11: SMMEs' role in absolute poverty alleviation

4.5.2 Research Objective 2: To ascertain the role played by the Richmond local municipality SMMEs in the alleviation of relative poverty.

4.5.2.1 Hypothesis 2: These are the hypothesis relating to the second objective:

H₀: There is a no role played by the SMMEs towards relative poverty alleviation in the Richmond local municipality

H₁: There is a role played by the SMMEs towards relative poverty alleviation in the Richmond local municipality

Table 4.3: Summary of Relative poverty

Relative poverty		Frequency distribution						Descriptive statistics	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree and Strongly Agree	Mean	Std. Dev
Q12.1: This SMME employs people who reside in the Richmond municipal area	Freq	0	0	4	31	16			
	%	0%	0%	7.8%	60.8%	31.4%	92.2%	4.24	0.586
Q12.2: Our employees are hired and paid based on their level of education/skills	Freq	3	7	9	23	9			
	%	5.9%	13.7%	17.6%	45.1%	17.6%	62.7%	3.55	1.119
Q12.3: This SMME has a bank account in which all profits are deposited	Freq	2	9	9	24	5			
	%	3.9%	17.6%	17.6%	47.1%	9.8%	56.9%	3.43	1.041
Q12.4: This SMME contributes to the economic development of Richmond by providing job opportunities	Freq	1	4	5	25	16			
	%	2.0%	7.8%	9.8%	49.0%	31.4%	80.4%	4.00	0.959
Q12.5: This SMME offers business advice to interested entrepreneurs	Freq	0	4	4	28	15			
	%	0%	7.8%	7.8%	54.9%	29.4%	84.3%	4.06	0.835

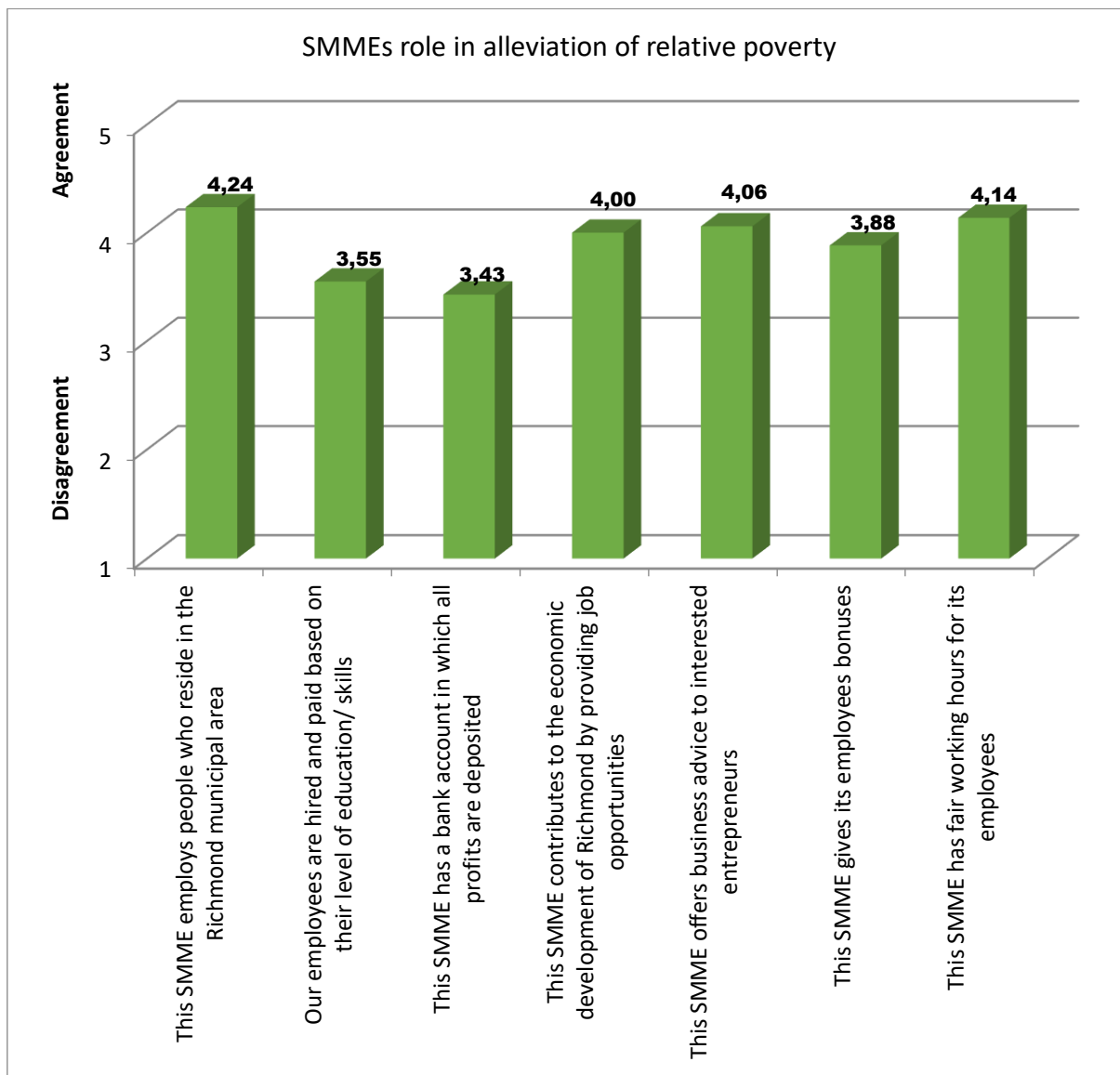
Q12.6: This SMME gives its employees bonuses	Freq	1	3	9	26	12			
	%	2.0%	5.9%	17.6%	51.0%	23.5%	74.5%	3.88	0.909
Q12.7: This SMME has fair working hours for its employees	Freq	0	0	7	30	14			
	%	0%	0%	13.7%	58.8%	27.5%	86.3%	4.14	0.633

There is *significant agreement* that SMMEs: employ people who are Richmond residents ($M=4.24$, $SD = .586$), $t(50) = 15.051$, $p < .0005$; hire and pay employees based on their level of education/skills ($M=3.55$, $SD = 1.119$), $t(50) = 3.503$, $p < .0005$; have a bank account where all profits are deposited ($M=4.24$, $SD = 1.041$), $t(50) = 2.882$, $p < .0005$; contribute to the economic development of Richmond by providing job opportunities ($M=4.00$, $SD = 0.959$), $t(50) = 7.445$, $p < .0005$; offer business advice to interested entrepreneurs ($M= 4.06$, $SD = 0.835$) $t(50) = 9.061$, $p < .0005$; give their employees bonuses ($M= 3.88$, $SD = 0.909$) $t(50) = 6.934$, $p < .0005$; and have fair working hours for their employees ($M= 4.14$, $SD = 0.633$) $t(50) = 12.829$, $p < .0005$.

4.5.2.2 SMMEs' role in relative poverty alleviation

The results on the SMMEs role in alleviating relative poverty are depicted in Figure 4.12 below:

Figure 4.12: SMMEs role in relative poverty alleviation



4.5.3 Research Objective 3: To determine the role played by the Richmond local municipality SMMEs towards local community social responsibility

4.5.3.1 Hypothesis 3: These are the hypothesis relating to the third objective:

H₀: There is a no role played by the SMMEs towards social responsibility in the Richmond local municipality

H₁: There is a role played by the SMMEs towards social responsibility in the Richmond local municipality

Table 4.4: Summary of Social Responsibility

Social responsibility		Frequency distribution						Descriptive statistics	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	% Agree and Strongly Agree	Mean	Std. Dev
Q13.1: This SMME conducts business in an ethical manner	Freq	0	1	3	28	18			
	%	0%	2.0%	5.9%	54.9%	35.3%	90.2%	4.26	0.664
Q13.2: This SMME uses local agricultural produce and local goods/services	Freq	5	5	8	20	13			
	%	9.8%	9.8%	15.7%	39.2%	25.5%	64.7%	3.61	1.250
Q13.3: This SMME makes donations to local charities and/or orphanages	Freq	1	6	5	23	16			
	%	2.0%	11.8%	9.8%	45.1%	31.4%	76.5%	3.92	1.036
Q13.4: This SMME provides support for disaster areas during emergencies and/or raises funds for social support activities	Freq	2	6	10	25	8			
	%	3.9%	11.8%	19.6%	49.0%	15.7%	64.7%	3.61	1.021
Q13.5: This SMME sponsors or donates goods/services to community projects	Freq	2	9	7	27	6			
	%	3.9%	17.6%	13.7%	52.9%	11.8%	64.7%	3.51	1.046
Q13.6: This SMME provides its goods/services to homeless people free of charge	Freq	1	6	13	22	9			
	%	2.0%	11.8%	25.5%	43.1%	17.6%	60.7%	3.63	0.979

Q13.7: This SMME employs local children under the age of 15 years	Freq	28	18	2	2	1			
	%	54.9%	35.3%	3.9%	3.9%	2.0%	5.9%	1.63	0.894
Q13.8: Employees of this SMME have freedom of speech	Freq	0	1	9	26	13			
	%	0%	2.0%	17.6%	51.0%	25.5%	76.5%	4.04	0.735
Q13.9: This SMME is against any form of discrimination towards its employees and customers	Freq	0	2	24	0	24			
	%	0%	3.9%	47.1%	0%	47.1%	47.1%	4.44	0.577
Q13.10: This SMME adopts competitive pricing practices	Freq	0	2	7	22	20			
	%	0%	3.9%	13.7%	43.1%	39.2%	82.3%	4.18	0.817

There is *significant agreement* that SMMEs: conduct business in an ethical manner ($M=4.26$, $SD=0.664$), $t(50)=13.413$, $p<.0005$; use local agricultural produce and local goods/services ($M=64.7$, $SD=3.61$), $t(50)=3.472$, $p<.0005$; make donations to local charities and/or orphanages ($M=76.5$, $SD=3.92$), $t(50)=6.351$, $p<.0005$; provide support for disaster areas during emergencies and/or raises funds for social support activities ($M=3.61$, $SD=1.021$), $t(50)=4.250$, $p<.0005$; sponsor or donate goods/services to community projects ($M=3.51$, $SD=1.046$), $t(50)=3.479$, $p<.0005$; provide their goods/services to homeless people free of charge ($M=3.63$, $SD=0.979$), $t(50)=4.577$, $p<.0005$; employees have freedom of speech ($M=4.04$, $SD=0.735$), $t(50)=9.915$, $p<.0005$; are against any form of discrimination towards its employees and customers ($M=4.44$, $SD=0.577$), $t(50)=17.644$, $p<.0005$; and adopt competitive pricing practices ($M=4.18$, $SD=0.817$), $t(50)=10.278$, $p<.0005$.

There is *significant disagreement* that SMMEs: employ local children under the age of 15 years ($M=1.63$, $SD=0.894$), $t(50)=-10.970$, $p<.0005$.

4.5.3.2 SMMEs' social responsibility

The results on the social responsibility of the SMMEs are depicted in Figure 4.13 below

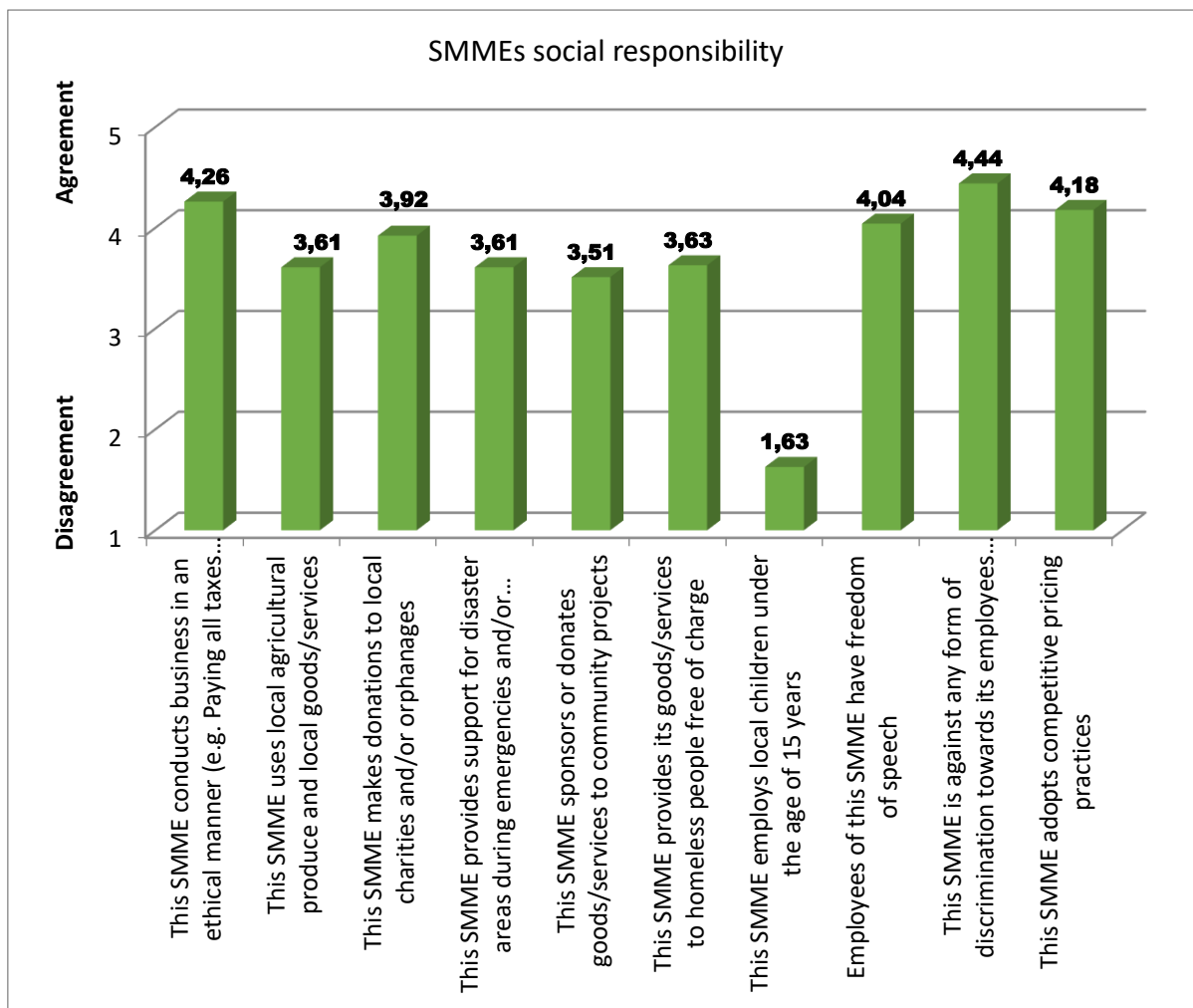


Figure 4.13: SMMEs' social responsibility

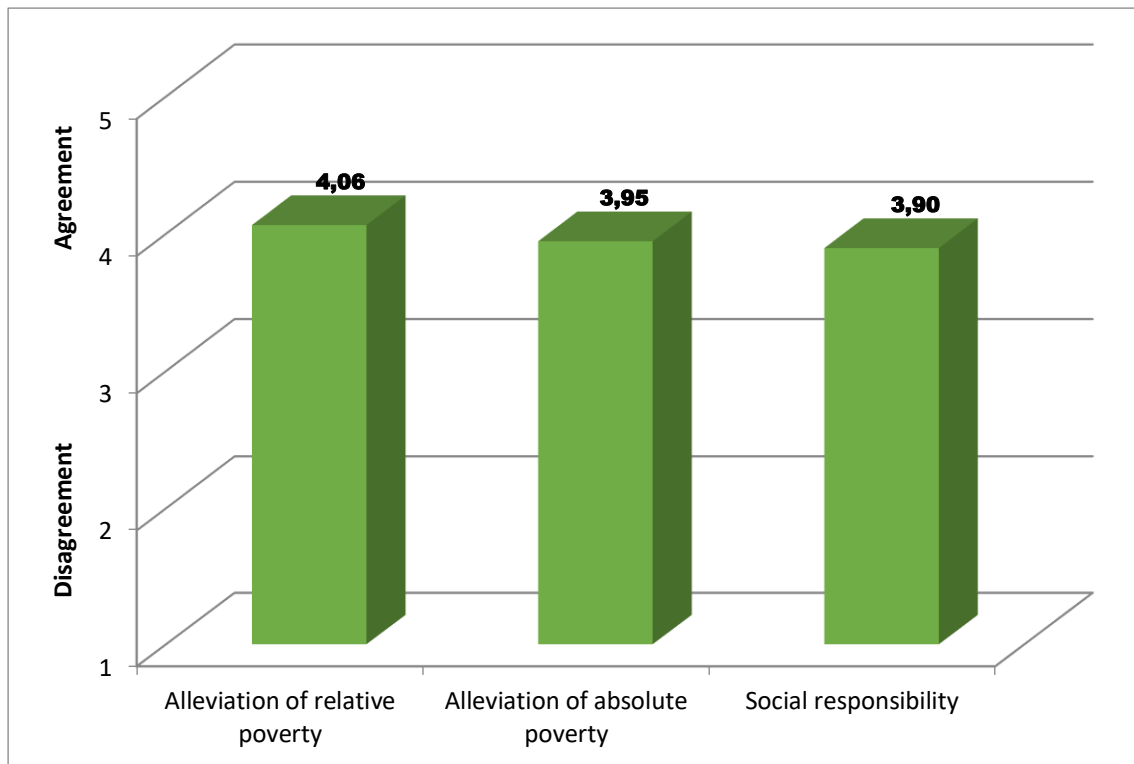
4.6 INFERENCE STATISTICS

This section of the study will present the inferential statistics, which are one-sample *t*-test, ANOVA test, and Chi-Square Goodness of Fit Test.

4.6.1 One-Sample *t*-Test

The one-sample *t*-test found in Appendix B, Table 6 and 7 reveal that there is **significant agreement** that SMMEs are playing a role in the alleviation of absolute poverty ($M= 3.89$ $SD= 0.749$), $t(50) = 8.529$, $p < .0005$; relative poverty ($M= 4.06$ $SD= 0.577$), $t(50) = 13.140$, $p < .0005$ and a role in social responsibility ($M= .94$ $SD= 0.511$), $t(50) = 13.207$, $p < .0005$. Additionally, to these results, Figure 4.14 depicts the summary of the role of SMMEs in alleviating poverty.

Figure 4.14: Summary of the role of SMMEs in poverty alleviation



4.6.2 ANOVA Test

The ANOVA test was conducted on the selected data collected from the questionnaire, to establish whether there were significant differences in the responses of SMME owners to selected questions based on differences in: the size of the SMME and the number of people they employed.

The ANOVA test results in Table 4 and 5, Appendix B reveal that there is a significant difference in agreement that social responsibility takes place depending on the size of the business in terms of numbers of employees, $F(2, 48) = 4.980$, $p = .001$. SMMEs with 10-49 employees show more agreement that they carry out social responsibilities than do SMMEs with 1-5 employees.

4.6.3 Chi-Square Goodness of Fit Test

The following test was applied to test if any of the options are selected significantly more than others. The results in Table 1, Appendix B reveal statistically that a significant number (34, 66.7%) of SMMEs employ between 1 and 5 people, $\chi^2(2) = 25.529$, $p < .0005$, whereas, Table 2, Appendix B reveals a significant number (26, 17.0%) of SMMEs have been operating over 6 years, $\chi^2(2) = 9.529$, $p = .009$; also, Table 3, Appendix B reveals a significant number (24, 47.1%) of SMMEs hold social responsibility programs or introducing some initiative that aims at alleviating poverty whenever it is requested of them, $\chi^2(2) = 29.000$, $p < .0005$.

4.7 SUMMARY OF THE CHAPTER

In conclusion, this chapter has provided the presentation and interpretation of the empirical findings of the study. The chapter began by reporting on the response rate of the survey and reliability test. Subsequently, the demographic data of the respondents was analysed through descriptive statistics. In addition, the chapter presented the analysis of empirical findings of the research, which were in accordance to the research objectives of the study. Moreover, the inferential statistics analysis of the data was provided. The following chapter discusses the research findings regarding the role of SMMEs towards poverty alleviation in the Richmond local municipality.

CHAPTER FIVE

DISCUSSION OF RESEARCH FINDINGS

5.1 INTRODUCTION

The previous chapter presented and interpreted the empirical results of the study. This chapter examines, explains and provides the discussion of research findings in conjunction with reviewed literature and the research objectives. Research findings are discussed in connection to the questionnaire design. The findings were obtained from the questionnaires administered to the 51 SMME owners in Richmond local municipality. The focal point of this study was to get an insight of the role played by the SMMEs in the Richmond local municipality towards the alleviation of poverty.

5.2 DEMOGRAPHIC INFORMATION

This section of the study discusses the demographic information of the study respondents.

5.2.1 Age of respondents

Results of the age of respondents who are owners of SMMEs in the Richmond local municipality was from the majority age group of between 41 - 50 years, closely followed by age group 31 - 40 and 21 - 30 years category. These above-mentioned age groups were separated with a few margins, whereas the age group 51 – 60 years had the least age group of participants in the SMME sector. However, generally, the results depicted a fair dispersal in the age groups, since the age group 51 – 60 years is low.

5.2.2 Gender of respondents

The results from the data collection indicated that of the 51 respondents, 40 were males and 11 were females. The results showed an unevenly distributed participation in the formal SMME sector. These results concur with Masupha (2014), who also notes that the SMME sector in Maseru to be male-dominated with a low level of female participation in the ownership of small businesses compared to their male counterparts. These result findings essentially apply to most economies and not only to the Richmond local municipality and Maseru. Moreover, Nhleko (2017:1) notes how “the South African economy continues to experience lower levels of entrepreneurial activities in comparison with other developing countries with specific reference to women entrepreneurship”. The results depict a gender imbalance in the SMME sector, and this could be attributed to the fact that societal settings have not shifted considerably. Men are still considered to be breadwinners, while women are expected to fulfil household responsibilities and to care for their families (Chinomona & Maziriri, 2015). Moreover,

according to Turton and Herrington (2012:8) “males are slightly more likely than females to be involved in established business activity (3% of the total population versus 2%).”

5.2.3 Race of respondents

The findings of the study revealed the formal SMME sector in the Richmond local municipality to be dominated by a significant number of Indians followed by Blacks. Other racial groups which included, Bangalis and Pakistan, then Whites also form part of a noticeable number; while Coloureds and Chinese have the least number of respondents. These results concur with Turton and Herrington (2012:7), who reported that “Indians have the highest ratio of established business owners to their overall prevalence in the population (3.2), while Coloureds have the lowest ratio (0.2).” The results also coincide with the BER (2016:22) that the number of SMMEs owned and operated by Indians increased by 47% between 2008 and 2015, while black-owned SMMEs increased by 5%. Nevertheless, it is pivotal to highlight that during the collection of data some of the Chinese business owners were reluctant to participate in the study. The language barrier can be especially attributed to the reluctance, consequently the insignificant reflection of the participation captured in the study results.

5.2.4 Educational level of respondents

The findings of the study indicated that a significant number of SMME owners in the Richmond local municipality have High school (secondary education). These results concur with the BER (2016) that the majority of SMME owners have secondary education and a considerable number have tertiary education, while only a few have no formal education. Moreover, the results reveal that there is a considerable number, namely 17.33% of SMME owners that have tertiary education. Further, the findings reveal that the least educational level of the SMME owners, is some primary and no formal education with 5.9% and 2.0%, respectively.

5.2.5 Nature of Small, Medium and Micro Enterprises

Chimucheka (2013) note that in SA, the diversity of SMME industries include those in construction services; mining; retailing; wholesaling; farming; as well as manufacturing. From the significant number to the least, the results of the study identify 27.5% of SMMEs to be general dealers; 21.6% to be in retail; 17.6% to be supermarkets and 15.7% are hair salons. Moreover, 9.8% of the SMMEs indicated in writing the nature of their business; 7.8% of the SMMEs constituted of restaurant or takeaway and 5.9% of SMMEs are wholesalers. These findings concur with the BER (2016) that the majority of the formal SMME in SA are found in the domestic trade (retail and wholesale) sector of the economy.

5.2.6 Number of people employed in the SMMEs

In line with the literature's depiction of SMMEs as having a role in job creation, the results of this study reveal that in this municipality the micro and very small enterprises are the ones with a significant role, as most SMMEs employ less than 10 employees, more specifically, they employ between 1-5 employees. These results concur with Hassan and Ahmad (2016:2), that "Micro enterprises provide employment to 4-5 persons per micro business. Thus, the micro enterprises are more labor intensive."

5.2.7 Number of years operating in Richmond local municipality

The findings of the study reveal that, namely 51.0% of the SMMEs in the Richmond local municipality have been in operation for over six (>6) years; and 33.3% of the SMMEs have been in operation for less than three (<3) years and the least (15.7%) of the SMMEs have been in operation for three to six (3 – 6) years. The results of the study revealed that for the SMMEs that have been in operation for over 6 years, their motive of setting their business in Richmond local municipality was because they saw a market opportunity. Most SMMEs that have been in operation for less than three years, state their motive of setting up a business in Richmond local municipality was because they were unemployed, similarly for the SMMEs that have been in operation for between three to six years.

5.2.8 SMMEs' motives for setting up business in Richmond local municipality

The results reveal the motive of most SMMEs of setting up a business in Richmond local municipality was due to the opportunity in the market, as it is represented by 47.1% of the SMMEs. Some 35.3% of the SMMEs stated it was because they were unemployed, and 25.5% was because they wanted to help with community poverty alleviation. Moreover, 23.5% of SMME owners currently own or run the SMMEs because they inherited it as a family business and 2.0% of the SMMEs said it was for another motive, which is that they needed a place to stay. Overall, the results of the study reveal an opportunity in the market to be the primary motive of the SMMEs setting up a business in the Richmond local municipality. This can be attributed to the need of the goods and services of the SMMEs, as noted by the Richmond local municipality (2018) the area of Richmond local municipality is predominately rural.

5.2.9 SMMEs' participation and view of social responsibility initiatives

The results of the study show that a significant number, namely 47.1% of SMMEs participate in social responsibility initiatives whenever they are requested; 21.6% of the SMMEs participate at least once every three months; and 15.7% of the SMMEs participate at least once a year. The results further reveal that 9.8% of the SMMEs participate at least once every six months, and 3.9% of the SMMEs participate

less often than once a year. Moreover, the results show that the majority (62.7%) of the SMMEs view social responsibility initiatives as an investment to the business, and 37.3% of the SMMEs view social responsibility initiatives as a cost to their business. According to the FASSET (2012), several owners and managers of SMMEs do not consider CSR to be beneficial to their businesses in any way, since they are merely operating to attain profits. However, as noted above, most of the SMMEs in Richmond local municipality view social responsibility initiatives as an investment, as the FASSET (2012) states that CSR has several benefits linked to improve the overall performance of the business.

5.3 RESULTS IN RELATION TO RESEARCH OBJECTIVES

The results emanated from the specific questions that were asked in relation to the research objectives. The researcher chose these questions because they give insight on the ways that which the SMMEs can partake in the role of poverty alleviation.

5.3.1 RESEARCH OBJECTIVE 1:

TO ASCERTAIN THE ROLE PLAYED BY THE RICHMOND LOCAL MUNICIPALITY SMMEs IN THE ALLEVIATION OF ABSOLUTE POVERTY

The focus of this objective was to explore the role played by the Richmond local municipality towards the alleviation of absolute poverty. Questions 11.1 – 11.7 presented in section 4.5, Table 4.2 focused in answering this objective. Therefore, the study sought to establish the role of SMMEs towards enabling the residents of Richmond local municipality to achieve these basic needs. Henceforth, the researcher is going to discuss the findings in relation to the first objective. Question 11.1 - 11.3 results show respectively that 78.5% (47.1% + 31.4%) of the SMMEs agree and strongly agree to offer discounts on their goods/services; 64.7% (43.1% + 21.6%) of the SMMEs agree and strongly agree to frequently running specials on their goods/services and 84.3% (51.0% + 33.3%) of the SMMEs agree and strongly agree to provide goods or services in amounts that are convenient to customers. West and Tari (2013) note that alike to everybody, impoverished individuals require certain basic goods and services. Overall, the findings indicate that there is a role played by the SMMEs towards the alleviation of absolute poverty; therefore, implying that individuals that are confronted by absolute poverty are assisted with basic goods and services.

Additionally, West and Tari (2013:10) state, “When those essential goods and services cost more than they should, poor consumers suffer disproportionately. For them, higher prices might make essential items altogether unaffordable or might require the sacrifice of another item that is also greatly needed.

“On the one hand”, lower prices for essential items have the potential to relieve poverty by putting previously unaffordable items (or greater quantities of items) within their reach.” Thus, SMMEs offering discounts, frequently running specials and providing their goods/services in convenient amounts, such as an individual teabag rather than the whole pack enables the consumers of the Richmond local municipality to afford these essential items. Above-mentioned findings are essential in the alleviation of absolute poverty, as Stats SA (2011) revealed that the majority (53.8%) of the population of the Richmond local municipality is in the traditional settlement. According to the Richmond local municipality (2012:2) these settlements are “characterised by the low level of basic services and are relatively far removed from the major employment centers.” These findings indicate that SMMEs offering discounts, specials and convenient goods and services to the residents are enabling the residents to save money that they can use for other required essentials. Moreover, as SMMEs are selling goods in convenient amounts, they are enabling those residents that do not earn sufficiently to also have increased buying power. Consequently, they are less deprived of the basic needs and ultimately poverty is alleviated.

Questions 11.4 – 11.7 of the questionnaires were aimed at establishing SMMEs’ role towards the environment. Question 11.4 results show that 92.1% (52.9% + 39.2%) of the SMMEs agree and strongly agree to be ensuring that they are environmentally friendly; question 11.5 results show that 43.1% of the SMMEs strongly disagree and 27.5% disagree that their activities as SMMEs contribute to air pollution. Moreover, question 11.6 results show that 45.1% of the SMMEs strongly disagree and 41.2% of the SMMEs disagree that they sell products that contain harmful chemicals. Furthermore, question 11.7 results show that SMMEs were varied in their responses for this question as 27.5% of the SMMEs strongly disagree; 27.5% disagree and 27.5% agree that their SMME produces waste that litters the environment. Overall, the results correspond with Okyere (2012:61) who state, “The natural environment is a critical area of social responsibility and includes issues such as water and air pollution, natural resource conservation and hazardous waste disposal.”

Moreover, the first hypothesis was developed to achieve the aim of the first objective. Overall, the results revealed that SMMEs are playing a role towards alleviation of absolute poverty. These findings are reinforced by descriptive statistics of questions 11.1 – 11.5, found in Table 4.2; one sample statistics and one sample *t*-test found in Appendix B, Tables 6 and 7. The study findings revealed the *t*-value of 8.529 to be above the critical value of 2.000 required for the conventional 95% probability. These results show there is a significant agreement. Thus, based on these findings, the study therefore

rejects the null hypothesis and accepts the alternate hypothesis that there is a role played by the SMMEs towards absolute poverty alleviation in the Richmond local municipality.

5.3.2 RESEARCH OBJECTIVE 2:

TO ASCERTAIN THE ROLE PLAYED BY THE RICHMOND LOCAL MUNICIPALITY SMMEs IN THE ALLEVIATION OF RELATIVE POVERTY

At the core of alleviating relative poverty is to try and offer the disadvantaged individuals in question the necessary capabilities to dismantle inequalities that may be existing. Inequalities in the country are unfortunately still prevalent, also in the Richmond local municipality more so as the area experiences political violence. Thus, the focus of this objective was to explore the role played by the Richmond local municipality towards the alleviation of relative poverty. Questions 12.1 – 12.7 of the questionnaires were aimed at addressing this objective conjointly with the second hypothesis of the study. The findings of the study revealed that 92.2% (60.8% + 31.4%) of the SMMEs agree and strongly agree to employ people who reside in the Richmond municipal area; 80.4% (49.0% + 31.4%) of the SMMEs agree and strongly agree to contribute to the economic development of the Richmond local municipality. Further, 84.3% (54.9% + 29.4%) of the SMME agree and strongly agree to offer business advice to interested entrepreneurs. Thus, SMMEs openly and eagerly offering business advice to interested entrepreneurs means that more SMMEs will emerge, which in turn result to amplified contributions from this sector of businesses. These results concur with Ndlovu (2016:9) that “SMMEs contribute 36.1% of the country’s gross domestic product (GDP) and employ more than 68.2% of the work force in the private sector.”

Furthermore, the results as depicted in Table 4.3 show that SMMEs had varied levels of agreements when asked if their business has a bank account in which all profits are deposited. Hence, 56.9% (47.1% + 9.8%) of the SMMEs agree and strongly agree to have a bank account and the remaining responded to be neutral; disagree and strongly disagree. These responses can be attributed to the fact that most of the SMMEs in the Richmond local municipality comprise of micro, very small and small businesses. The nature of these business types (see Appendix A) often would not allow for the business to have a separate account. Hence, some business owners opt to co-join their business earnings with any other income they acquire. Furthermore, the study findings show that 62.7% (45.1% + 17.6%) of the SMMEs agree and strongly agree that their employees are hired and paid based on their level of education/skills. The likelihood may exist that employees are being hired based on their skills, since certain skills are required to perform certain tasks. For instance, a hair salon owner will indeed require someone with the skill of dealing with hair, hence that requirement of a skill may be accentuated.

However, if SMMEs over-emphasise the educational level requirement to have completed grade 12 or tertiary education completion, this could potentially result to most individuals being at a disadvantage. This opinion is reinforced by the Richmond local municipality (2018) that out of 65 793 of the total population of the residents, 8 516 have completed grade 12 and 1 540 have higher education, and most of the population is below these educational levels. The results also indicated that 17.6% of the SMMEs are neutral in their level of agreement regarding this statement. A noteworthy amount of SMMEs (74.5%) (51.0% + 23.5%) agree and strongly agree to give their employees bonuses. These findings entail that SMMEs are enabling its employees to spend more on basic needs, and to afford better education and healthcare. According to Polak (2009:64), “when a family increases its income, its members are likely to be healthier, get sick less often, and stay sick for shorter periods of time.” Likewise, Kang’ori (2014) notes that if children of very poor families are provided with decent education, they will stop being poor as from the first generation. Kang’ori (2014) also adds that an additional income also enables poor people to improve their housing.

Moreover, a second hypothesis was developed to achieve the aim of the second objective. The overall results of the study revealed that SMMEs are playing a role towards alleviation of relative poverty. The findings are fortified by descriptive statistics found in Table 4.3; one sample statistics and one sample *t*-test found in Appendix B, Tables 6 and 7. The study findings revealed the *t*-value of 13.140 to be above the critical value of 2.000 required for the conventional 95% probability. These results show there is a significant agreement. Thus, based on these findings, the study therefore rejects the null hypothesis and accepts the alternate hypothesis that there is a role played by the SMMEs towards relative poverty alleviation in the Richmond local municipality.

5.3.3 RESEARCH OBJECTIVE 3:

TO DETERMINE THE ROLE PLAYED BY THE RICHMOND LOCAL MUNICIPALITY TOWARDS LOCAL COMMUNITY SOCIAL RESPONSIBILITY

The focus of this objective was to explore the role played by the Richmond local municipality towards local community social responsibility. Questions 13.1 – 13.10 were raised to address the third objective. The findings of the study indicated that 90.2% (54.9% + 35.3%) of the SMMEs agree and strongly agree to be conducting business in an ethical manner, such as paying all taxes and duties, adhering to minimum wage payments of an hourly wage of R20,00, etc. SMMEs adhering to minimum wage payments is fundamental, as Jefferson (2012) notes that people are income-poor, since either they or those in their households who are within the working age category lack employment that

affords an income adequate to meet their basic needs. Moreover, Seekings and Natrass (2006:197) note “Most black people might be poor because they are confined to poorly paid jobs. . .”. Such is the case in the Richmond local municipality as most of the population is black. Moreover, 64.7% (39.2% + 25.5%) of the SMMEs agree and strongly agree to use local agricultural produce and local goods/services. These findings are imperative as the Richmond local municipality (2018) notes that the area is mainly an agricultural community, with agriculture contributing 18.5% of the total employment, and 20% to the local GDP.

Furthermore, the results show that 76.5% (45.1% + 31.4%) of the SMMEs agree and strongly agree to make donations to local charities and/or orphanages; and 64.7% (49.0% + 15.7%) of the SMMEs agree and strongly agree that they provide support for disaster areas during emergencies and/or raise funds for social support activities. Additionally, the results indicate that 64.7% (52.9% + 11.8%) of the SMMEs agree and strongly agree that they donate their goods or services towards community projects. The results also revealed that 60.7% (43.1% + 17.6%) of the SMMEs agree and strongly agree to be providing their goods or services to homeless people free of charge, and 25.5% of the SMMEs were neutral in this regard. These findings reflected in question 13.3 – 13.6 found in Table 4.4 concur with Kruse (2014) that small businesses have an extensive and proud tradition of engaging in transformation, predominantly at the local level through giving to the needy.

Moreover, 82.3% (43.1% + 39.2%) of the SMMEs agree and strongly agree to be adopting competitive pricing practices. Thus, these results relate with the suggested example by Dzansi (2004) that SMMEs charging fair prices for their goods and services can contribute to the upliftment of the economic and social welfare of their local communities. Moreover, 47.1% of the SMMEs strongly agree to be against any form of discrimination towards its employees and customers. Equally so, 47.1% of the SMMEs were neutral in this regard. However, the other SMMEs were upfront with their disapproval of discrimination towards its employees and customers, as this necessitate the initiatives enforced by the SMMEs toward employees and customers. Dzansi and Pretorius (2009a) and Longenecker, Moore and Petty (2000) note that customers are the most significant stakeholders of any business. Greenwood (2008:5) notes that employees “actually ‘constitute’ the firm: they are in many cases the most important factor or ‘resource’ of the corporation; they represent the company towards other stakeholders, and they act in the name of the corporation”. In addition, the author notes employees to be contributors to the firm in fundamental ways. Besides, it is paramount that SMMEs be unambiguous and hands-on with regards to eliminating any discrimination, which will, in turn, eradicate poverty. As the theory underpinning the study, as noted by Bradshaw (2007), observes that a social trait of the

origin of poverty relates to the social stigma set on the groups of individuals for the reason of their gender, religion, race, disability, or other groupings.

Furthermore, 76.5% (51.0% + 25.5%) of the SMMEs agree and strongly agree that their employees have freedom of speech. These results concur with Dzansi (2004) who suggests that SMME owners or managers need to listen to employees and respect their opinion; ask for their input; and to involve them in decision-making processes. To sum up the findings of this construct, 90.2% (35.3% + 54.9%) of the SMMEs disagree and strongly disagree that they employ local children of Richmond local municipality under the age of 15 years. These results concur with Dzansi (2004) that SMMEs should prohibit child labour. Also, these results are in line with the Basic Conditions of employment Amendment Act No. 7 of 2018 that employing anyone under the age of 15 is illegal. Moreover, the third hypothesis was also developed to achieve the aim of the third objective. The results of the study revealed that SMMEs are playing a role towards social responsibility in the Richmond local municipality. The findings are underpinned by descriptive statistics found in Table 4.4; one sample statistics and one sample *t*-test found in Appendix B, Tables 6 and 7. The one sample *t*-test findings reveal a *t*-value of 13.207 to be above the critical value of 2.000 required for the conventional 95% probability. These results show there is a significant agreement. Thus, based on these findings, the study therefore rejects the null hypothesis and accepts the alternate hypothesis that there is a role played by the SMMEs towards social responsibility in the Richmond local municipality.

5.4 SUMMARY OF THE CHAPTER

In conclusion, this chapter has discussed the results of the empirical part of this study. The discussions of the data were established largely on bar charts, frequency tables, inferential statistics and percentage analysis. As established earlier by the research findings, the key participants in the SMME sector of the Richmond local municipality are the micro, very small and small businesses, based on the number of people employed in SMMEs which is 1 – 5 employees. The study results largely reveal that SMMEs are partaking in the alleviation of poverty this is based on the responses given to the research objectives. Moreover, the most active age group in the formal SMME sector is between the age group 41 – 50 years and most of the respondents have secondary education. A substantial amount of these SMMEs have been in operation for over 6 years and the leading nature of the SMMEs are the general dealers, which draws attention to the eagerness of the SMMEs to be a one-stop shop. Additionally, the results revealed that Indian males own most of these SMMEs; also, the results revealed that these SMMEs do participate in CSR initiatives, even though their main motive of setting up business was due to the market opportunity.

The next chapter will conclude the study based on the expressed problem statement of the study and provide recommendations based on the conclusions, thereafter, offer the contribution to the body of knowledge, the limitations of the study and areas for future research.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The preceding chapter discussed the results of the study. This chapter concludes the study based on the expressed problem statement of the study. The chapter also provides the recommendations, subsequently, offers the contribution to the body of knowledge, limitations of the study, and concludes with the presentation of future research areas.

6.2 SUMMARY OF THE STUDY

The essence of the study was to explore the role of SMMEs towards poverty alleviation in the Richmond local municipality.

Chapter One introduced the study; provided the background and context of study; research problem statement; research objectives; research hypotheses and rationale of the study. The chapter also presented the study limitations; structure of the dissertation and overview of the research methodology.

Chapter Two contained the relevant review of literature that relates to the study, this chapter starts by defining the main concepts that guide the study, such as entrepreneurship, SMMEs, poverty and BSR. Additionally, the chapter highlighted the theoretical and conceptual frameworks that underpin the study; and context of poverty for both SA and the Richmond local municipality. Further, the chapter presented the various poverty alleviation government policies and initiatives; and the role of SMMEs in poverty alleviation and discussed BSR.

Chapter Three discussed the research paradigm, philosophy and design. Thereafter, it provided the study site and target population, sample size; and method of sampling. It further offered a discussion of the data collection method and the analysis of data. In conclusion, it provided the ethical considerations.

Chapter Four presented and analysed the study findings. Further, it provided the response rate; and how the validity and reliability of results were ensured, also, descriptive and inferential statistics were applied; and an analysis of each objective of the study was presented.

Chapter Five examined the findings of the study using both descriptive and inferential statistics; and provided the conclusions of the proposed hypothesis based on the findings of the study.

Chapter Six drew conclusions and provided recommendations based on the empirical findings. The chapter also provided the limitations of the study, contribution to the body of knowledge and offered suggestions for future research studies.

6.3 CONCLUSIONS

The following conclusions are made with regards to the empirical findings of the study, which aimed at ascertaining the specific objectives of the study.

6.3.1 RESEARCH OBJECTIVE 1:

TO ASCERTAIN THE ROLE PLAYED BY THE RICHMOND LOCAL MUNICIPALITY SMMEs IN THE ALLEVIATION OF ABSOLUTE POVERTY

The study aimed at exploring the role played by the Richmond local municipality towards the alleviation of absolute poverty. It can be concluded that most of the SMMEs have implemented initiatives that focus on offering both the business and customer leverage on their economic returns and buying power. The SMMEs have made basic goods and services accessible in such a way that even the individuals that do not earn a monthly salary, but are dependent on state grant, can afford. This enables these individuals to stretch their money than the necessities to afford better education and health care. Furthermore, SMMEs taking care of the environment and being cautious in their use of water and electricity allow residents in the rural areas of Richmond local municipality to have improved access, as some of the communities still fetch water from communal taps which are sometimes far from home.

6.3.2 RESEARCH OBJECTIVE 2:

TO ASCERTAIN THE ROLE PLAYED BY THE RICHMOND LOCAL MUNICIPALITY SMMEs IN THE ALLEVIATION OF RELATIVE POVERTY

This objective was aimed at the role on relative poverty alleviation. SMMEs have a role to play in eliminating the economic burden of the residents as it has offered them the opportunity to earn a living through employment that adheres to the minimum payment standards of the country. Bradshaw (2007) observes that the poor fall behind regardless of how competent they might be. This is problematic as the minimum salaries do not allow for single mothers or their families to be economically self-sufficient.

6.3.3 RESEARCH OBJECTIVE 3:

TO DETERMINE THE ROLE PLAYED BY THE RICHMOND LOCAL MUNICIPALITY TOWARDS LOCAL COMMUNITY SOCIAL RESPONSIBILITY

The focus of this objective was to explore the role played by the Richmond local municipality towards local community social responsibility. SMMEs partake in community social responsibility; however, this role would be amplified to greater length if all SMMEs saw these initiatives in an investment to the business perspective rather than cost. Dzansi (2004) notes that these initiatives also entail benefits for the SMMEs. The FASSET (2012) observes that while it is true that BSR is beneficial to businesses,

no one is oblivious of the fact that many businesses still face several challenges such as a lack of financial resources that hinder them from implementing CSR activities.

6.4 RECOMMENDATIONS

Based on the conclusions of the study, the researcher proposes the following recommendations:

- The SMMEs within the Richmond local municipality need to improve in their social responsibility activities.
- The focus of the SMMEs within the Richmond local municipality need to equally blend both the marketing strategies they pursue and the social responsibility initiatives, as this may promote their reputation in the eyes of both government and society, which in turn might attract support from these sectors.
- The Municipality of the Richmond local municipality should work together with the SMMEs in the implementation and establishment of initiatives aimed at the development of the residents of the municipality.
- SMMEs should be proactive in terms of pursuing external funding besides from the local municipality. The SMMEs may pursue funding from institutions such as: The Department of Trade and Industry, The National Empowerment Fund, Industrial Development Corporation, Small Enterprise Finance Agency and Isivande Women’s Fund, as this will enhance their role in alleviating poverty in the Richmond local municipality and possibly even extend their role to surrounding areas.
- The SMMEs should continue partaking and seeking alternative ways to conserve the natural environment and doing their level best at treating employees and customers in the highest way. As Bradshaw (2007:11) observes: “The social aspect of the cause of poverty relates to the social stigma given to the groups of people because of their race, religion, gender disability, or other groupings. This leads these people into having limited opportunities regardless of personal capabilities.” If SMMEs are to continually partake on these intentional roles directed those groups of people faced with the social stigma, these will result to an amplified role in poverty alleviation and other social misfortunes in these communities. What is even remarkable about these types of roles is that they are not dependent on finances.

6.5 LIMITATIONS OF THE STUDY

The main limitations of this study are as follows:

- The study drew its participants from only the formally registered SMMEs in the database of the LED office of the Richmond local municipality; hence, the results of the study cannot be generalised across all the SMMEs in Richmond local municipality.
- The study used non-probability sampling techniques (purposive and convenience sampling) to select participants. Therefore, the results of this study do not reflect the responses of the entire population.
- Limited academic and recent literature exist in South Africa on poverty alleviation and SMMEs, including literature on local municipalities.
- The findings cannot be generalised to all SMMEs as it focused on the role of SMMEs in the Richmond local municipality, which is a predominately rural small town. However, the findings are recommended to other areas with a similar setting as the Richmond local municipality.

6.6 SIGNIFICANCE OF THE STUDY AND CONTRIBUTION TO THE BODY OF KNOWLEDGE

The significance of the results generated from this study is premised on the fact that from the results themselves it can be deduced that the SMMEs have a big role to play in the alleviation of poverty, both absolute and relative. Also, the results are an indication to government, both at national and at local levels that SMMEs need to be supported by all means possible, as they have a huge role to play to ease the burden from government of dealing with issues of poverty reduction. The research study's contribution to the body of knowledge is that it sheds light on the role of SMMEs in alleviating poverty with the use of BSR initiatives, and the importance of these business establishments, a local municipality in South Africa and the alleviation of poverty. The study also contributes to the general body of knowledge around the significant activities of SMMEs in not only alleviating poverty, but also contributing to the overall economic improvement of the country.

6.7 AREAS FOR FUTURE RESEARCH

Future research studies could explore the role of the informal SMMEs in the Richmond local municipality and adopt a different research approach such as qualitative or mixed methods in doing so. Future research could explore the SMMEs' role using other constructs, such as looking at the overall economic role in the LED of Richmond local municipality. Moreover, future research can explore a similar study in another local municipality using different constructs. Furthermore, future research can explore on how individuals are drawn into business in order to alleviate community poverty which is fundamentally unconventional. Likewise, for future research the same questionnaire

directed to SMMEs can be administered to low-income labour and consumers to further investigate the role played by the SMMEs in the Richmond local municipality.

6.8 SUMMARY OF CHAPTER

This chapter presented the summary of the study, study limitations, recommendations, outlined research contributions based on the specific research objectives of the study, also highlighted the significance of the study and contribution to the body of knowledge, and then lastly provided areas for further research.

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APPENDIX A

SCHEDULE 1 TO THE NATIONAL SMALL BUSINESS ACT NO. 102 OF 1996

Sector or sub-sector in accordance with the Standard Industrial Classification	Size or class	Total full time equivalent of paid employees	Total annual turnover	Total gross asset value (fixed property excluded)
			Less than	Less than
Agriculture	Medium	100	R5.00 m	R5.00 m
	Small	50	R3.00 m	R3.00 m
	Very small	10	R0.50 m	R0.50 m
	Micro	5	R0.20 m	R0.10 m
Mining and quarrying	Medium	200	R39.00 m	R23.00 m
	Small	50	R10.00 m	R6.00 m
	Very small	20	R4.00 m	R2.00 m
	Micro	5	R0.20 m	R0.10 m
Manufacturing	Medium	200	R51.00 m	R19.00 m
	Small	50	R13.00 m	R5.00 m
	Very small	20	R5.00 m	R2.00 m
	Micro	5	R0.20 m	R0.10 m
Electricity, gas and water	Medium	200	R51.00 m	R19.00 m
	Small	50	R13.00 m	R5.00 m
	Very small	20	R5.10 m	R1.90 m
	Micro	5	R0.20 m	R0.10 m
Construction	Medium	200	R26.00 m	R5.00 m
	Small	50	R6.00 m	R1.00 m
	Very small	20	R3.00 m	R0.50 m
	Micro	5	R0.20 m	R0.10 m
Retail and motor trade and repair service	Medium	200	R39.00 m	R6.00 m
	Small	50	R19.00 m	R3.00 m
	Very small	20	R4.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m
Wholesale trade, commercial agents and allied services	Medium	200	R64.00 m	R10.00 m
	Small	50	R32.00 m	R5.00 m
	Very small	20	R6.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m
Catering, accommodation and other trade	Medium	200	R13.00 m	R3.00 m
	Small	50	R6.00 m	R1.00 m
	Very small	20	R5.10 m	R1.90 m
	Micro	5	R0.2 m	R0.10 m
Transport, storage and communications	Medium	200	R26.00 m	R6.00 m
	Small	50	R13.00 m	R3.00 m
	Very small	20	R3.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m
Finance and business services	Medium	200	R26.00 m	R5.00 m
	Small	50	R13.00 m	R3.00 m

Sector or sub-sector in accordance with the Standard Industrial Classification	Size or class	Total full time equivalent of paid employees	Total annual turnover	Total gross asset value (fixed property excluded)
			Less than	Less than
	Very small	20	R3.00 m	R0.50 m
	Micro	5	R0.20 m	R0.10 m
Community, social and personal services	Medium	200	R13.00 m	R6.00 m
	Small	50	R6.00 m	R3.00 m
	Very small	20	R1.00 m	R0.60 m
	Micro	5	R0.20 m	R0.10 m

Adapted from: National Small Business Act No. 102 of 1996, as amended in 2003 and 2004.

APPENDIX B
INFERENCEAL STATISTICS

1. CHI-SQUARE TEST

TABLE 1:

	What is the total number of people (including yourself) employed in the business?
Chi-Square	25.529^a
df	2
Asymp. Sig.	.000

TABLE 2:

	How long have you been operating in Richmond?
Chi-Square	9.529^a
df	2
Asymp. Sig.	.009

TABLE 3:

	How frequently does your SMME support the local community by holding, for example, social responsibility programs or introducing some initiative that aims at alleviating poverty?
Chi-Square	29.000^a
df	4
Asymp. Sig.	.000

2. ANOVA

TABLE 4: Descriptive Statistics

		N	Mean	Std. Deviation
REL	1-5	34	3.9529	.55061
	6-9	9	4.3111	.49103
	10-49	8	4.2500	.70711
	Total	51	4.0627	.57757
SOC	1-5	34	3.8036	.45361
	6-9	9	4.1250	.53400
	10-49	8	4.3438	.49888
	Total	51	3.9450	.51102
ABS	1-5	34	3.7451	.70620
	6-9	9	4.0370	.45474
	10-49	8	4.3750	1.01477
	Total	51	3.8954	.74979

TABLE 5: ANOVA Test Output

		Sum of Squares	df	Mean Square	F	Sig.
REL	Between Groups	1.246	2	.623	1.937	.155
	Within Groups	15.434	48	.322		
	Total	16.679	50			
SOC	Between Groups	2.244	2	1.122	4.980	.011
	Within Groups	10.814	48	.225		
	Total	13.057	50			
ABS	Between Groups	2.789	2	1.394	2.643	.081
	Within Groups	25.320	48	.528		
	Total	28.109	50			

3. ONE-SAMPLE *t*-TEST

TABLE 6: One-Sample Statistics

Construct	N	Mean	Std. Deviation	Std. Error Mean
Absolute poverty	51	3.8954	.74979	.08088
Relative poverty	51	4.0627	.57757	.07156
Social responsibility	51	3.9450	.51102	.10499

TABLE 7: One-Sample Test

	Test Value = 3					
					95% Confidence Interval of the Difference	
	<i>t</i>	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
REL	13.140	50	.000	1.06275	.9003	1.2252
SOC	13.207	50	.000	.94503	.8013	1.0888
ABS	8.529	50	.000	.89542	.6845	1.1063

APPENDIX C
GATEKEEPERS' LETTER FROM THE RICHMOND MUNICIPALITY

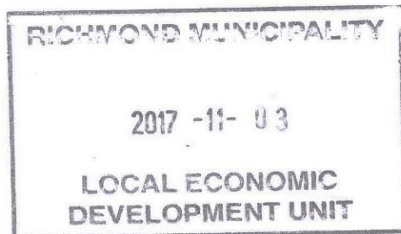
Gatekeeper's Consent

I Khumbuleni E. Khumalo in my capacity
as Local Economic Development Official hereby give permission to
Patience Thandeka Ntinga (213539144) to conduct research in the municipality.

The student MAY/~~MAY NOT~~ (delete whichever is not applicable) use the name of the municipality
in the dissertation.

Signature of Manager/Owner/Gatekeeper: 

Municipality Stamp:



Date: 03/11/2017

APPENDIX D

ETHICAL CLEARANCE APPROVAL LETTER



06 February 2018

Ms Patience Thandeka Ntinga (213539144)
School of Management, IT & Governance
Pietermaritzburg Campus

Dear Ms Ntinga,

Protocol reference number: HSS/2291/017M

Project title: The role of SMMEs in Poverty Alleviation: The case of Richmond Local Municipality, KwaZulu-Natal

Approval Notification – Expedited Application

In response to your application received on 07 December 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Professor Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Vangeli Gamode
Cc Academic Leader Research: Professor Isabel Martins
Cc School Administrator: Ms Debbie Cunyngame

Humanities & Social Sciences Research Ethics Committee

Professor Shenuka Singh (Chair)

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APPENDIX E INFORMED CONSENT

UNIVERSITY OF KWAZULU-NATAL
School of Management, IT and Governance

Dear Respondent,

Research Project

Researcher: Patience Thandeka Ntinga **Cellphone number:** 078 210 7108

Email: Thandekantinga@gmail.com

Supervisor: Dr Vangeli Gamede **Telephone number:** (033) 260 6101

Email: Gamede@ukzn.ac.za

Research Office: Humanities & Social Sciences Research Ethics Administration, Govan Mbeki Building, Westville
Campus, Tel: + 27 (0)31 260 8350, Email: hssreclms@ukzn.ac.za

I, Patience Thandeka Ntinga am a Master of Commerce (Entrepreneurship) student in the School of Management, IT and Governance, at the University of KwaZulu-Natal. You are invited to participate in a research project entitled **The Role of SMMEs in Poverty Alleviation: The Case of Richmond local municipality, KwaZulu-Natal**. The aim of this study is to determine the role to which the Small Medium and Micro Enterprises (SMMEs) in the Richmond local municipality are alleviating poverty.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this research project. Confidentiality and anonymity of records will be maintained by the School of Management, IT and Governance, UKZN. All collected data will be used solely for research purposes and will be destroyed after 5 years.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee with protocol reference number: **HSS/229/017M**.

The questionnaire should take about 10 - 15 minutes to complete. Thank you for your time.

Sincerely

Researcher's signature _____

Date _____

Patience Thandeka Ntinga

UNIVERSITY OF KWAZULU-NATAL
School of Management, IT and Governance

Research Project

Researcher: Patience Thandeka Ntinga **Cellphone number:** 078 210 7108

Email: Thandekantinga@gmail.com

Supervisor: Dr Vangeli Gamede **Telephone number:** (033) 260 6101

Email: Gamede@ukzn.ac.za

Research Office: **Humanities & Social Sciences Research Ethics Administration, Govan Mbeki Building, Westville Campus, Tel: 27 31 2604557, Email: HSSREC@ukzn.ac.za**

CONSENT

I _____ (full names of participant)
hereby confirm that I understand the contents of this document and the nature of the research project,
and I consent to participating in the research project. I understand that I am at liberty to withdraw from
the project at any time, should I so desire.

Signature of Participant

Date

APPENDIX F

QUESTIONNAIRE FOR SMMEs

The focus of this questionnaire is to establish the role played by your Small Medium Micro Enterprise (SMME) in alleviating poverty in the Richmond Municipality. This questionnaire will take no longer than 10 minutes of your time to complete. Please answer the questions to the best of your knowledge. Mark your answer by placing a tick in the appropriate block. Your participation in this study is greatly appreciated.

SECTION A – Demographics and Background Information

1. Age:

Up to 20 years	21-30 years	31-40 years	41-50 years	51-60 years	>60 years

2. Gender:

Male	Female

3. Race:

Black	White	Chinese	Colored	Indian	Other (Specify)

4. Highest level of education:

No formal education	Some/all primary school	Some/ all high school	Degree/ Diploma

SECTION B: The nature of Small, Medium and Micro Enterprises

5. Indicate which of the following type(s) of business your SMME is engaged in. (Tick **all** that apply)

5.1	Supermarket	
5.2	Hair Salon	
5.3	Restaurant/Takeaway	
5.4	Retail	
5.5	Wholesaler	
5.6	Dress Maker	
5.7	General Dealer	

5.8	Vehicle Repair	
5.9	Appliance Repair	
5.10	Auto Spares	
5.11	Tuck Shop	
5.12	Other (Please specify)	

6. What is the total number of people (including yourself) employed in the business?

1-5	6-9	10-49	50-100	above 100

7. How long have you been operating in Richmond?

Under 3 Years	3- 6 Years	Over 6 years

8. What are/were your motives for setting up your own business? (Tick **all** that apply)

8.1 To help Community Poverty alleviation	8.2 I was unemployed	8.3 I saw an opportunity/gap in the market	8.4 Inherited the business from family	8.5 Other (specify) _____

9. How frequently does your SMME support the local community by holding, for example, social responsibility programs or introducing some initiative that aims at alleviating poverty? (Select **ONE** option only)

At least once every 3 months	At least once every 6 months	At least once a year	Less often than once a year	Whenever it is requested of us

10. How does your SMME view social responsibility initiatives? (Tick **all** that apply)

10.1 As an investment for the business	
10.2 As a cost to the business	

SECTION C: Alleviation of absolute poverty

11. Indicate your agreement with the following statements about your SMME:

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
11.1 We offer discounts on goods/services sold at this SMME					
11.2 We frequently run specials on our goods/services					
11.3 We provide goods/services in amounts that are convenient to our customers (e.g. individual teabags instead of only full packets?)					
11.4 This SMME ensures we are environmentally friendly (use water and electricity carefully, etc.)					
11.5 The activities of this SMME contribute to air pollution					
11.6 This SMME sells products that contain harmful chemicals					
11.7 This SMME produces waste that litters the environment					

SECTION D: Alleviation of relative poverty

12. Indicate your agreement with the following statements about your SMME:

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
12.1 This SMME employs people who reside in the Richmond municipal area					
12.2 Our employees are hired and paid based on their level of education/skills					
12.3 This SMME has a bank account in which all profits are deposited					
12.4 This SMME contributes to the economic development of Richmond by providing job opportunities					

12.5 This SMME offers business advice to interested entrepreneurs					
12.6 This SMME gives its employees bonuses					
12.7 This SMME has fair working hours for its employees					

SECTION E: SMMEs social responsibility

13. Indicate your agreement with the following statements about your SMME:

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
13.1 This SMME conducts business in an ethical manner (e.g. Paying all taxes and duties, adhering to minimum wage payments)					
13.2 This SMME uses <u>local</u> agricultural produce and <u>local</u> goods/services					
13.3 This SMME makes donations to local charities and/or orphanages					
13.4 This SMME provides support for disaster areas during emergencies and/or raises funds for social support activities					
13.5 This SMME sponsors or donates goods/services to community projects					
13.6 This SMME provides its goods/services to homeless people free of charge					
13.7 This SMME employs local children under the age of 15 years					
13.8 Employees of this SMME have freedom of speech					
13.9 This SMME is against any form of discrimination towards its employees and customers					
13.10 This SMME adopts competitive pricing practices					

Thank you for your time and participation.