



**Adoption of Responsible and Sustainable Management Practices
by SMEs in Pietermaritzburg, KwaZulu-Natal**

By

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DECLARATION

I (Ayanda Khumalo) declare that:

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- (ii) This thesis has not been submitted for any degree or examination at any other university.

- (iii) This thesis does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as sourced from other persons.

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I would firstly like to thank my family for all their teaching when it comes to education as well as the immense support they have given me. Without their encouragement, I would not have made it this far.

I would also like to take this opportunity to give my deepest gratitude to my supervisor Dr Mfazo Clifford Madondo for his continuous support and patience throughout my research

Lastly, I would like to thank my friends for their continuous support and advice throughout my journey.

DEDICATION

To my family.

ABSTRACT

Globally, every organisation is measured by its adoption of responsible and sustainable management practices. However, the adoption of responsible and sustainable management practices by SMEs in South Africa is under-researched. The adoption of these practices enhances organisations' performance. The research objective of this study was to explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal, South Africa, by exploring the perceptions and the challenges confronting SMEs owner-managers in executing these practices. An integrative review of literature was used to explore the SMEs' adoption of responsible and sustainable management. A mixed methods research approach was adopted utilizing the exploratory sequential mixed methods design. Thus, data were collected using two phases the qualitative and the quantitative phase sequentially from a sample size of ninety-one (91) SMEs owner-managers in Pietermaritzburg, KwaZulu-Natal. Data analysis was done in two phases. Firstly, the qualitative data sets were analysed using the thematic analysis technique to that inform the collection and analysis of the quantitative data sets using descriptive and inferential statistical analyses. The research findings show that SMEs in Pietermaritzburg, KwaZulu-Natal, South Africa, are not adopting the responsible and sustainable practices. Therefore, this study concludes that SMEs should adopt and implement these practices in a similar manner as large corporates. This dissertation contributes to the research in the field of SMEs and responsible and sustainable management. It further challenges some SME owners-managers in Pietermaritzburg to adopt and embrace responsible and sustainable management practices.

Key Words: Responsible management, Sustainable management, Small Medium Enterprises, SMEs, Pietermaritzburg.

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LIST OF ACRONYMS

CSR	Corporate Social Responsibility
HIV/AIDS	Human Immunodeficiency Virus Infection and Acquired Immune Deficiency Syndrome
SEDA	Small Enterprise Development Agency
SME	Small Medium Enterprise
SPSS	Statistical Package for Social Science
UKZN	University of KwaZulu-Natal

CHAPTER 1: INTRODUCTION

1.1. Introduction

This chapter introduces the research on the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. Firstly, it presents the background and general context for the research to explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. Then the description of the problem statement of the study follows and the objectives and research questions are highlighted. The chapter further provides the conceptual framework, brief summary of the methodology, description of the study site and ethical consideration for the study. Lastly, this chapter provides an outline of the dissertation's structure and a chapter summary.

1.2. Background and Motivation

In today's global business environment, responsible and sustainable management practices have turned out to be the standard. These management practices are important because managers are able to engage with external stakeholders on sustainable development issues while monitoring and evaluating internal development in their companies (Johnson, 2015). Through responsible and sustainable management practices, an organisation can identify, understand and manage its economic, social and environmental impact. Responsible and sustainable management is about allowing corporations to improve their core strategy and operations by incorporating social, economic and environmental values (Halme and Korpela, 2014).

An increasing number of companies all over the world are involved in integrating sustainability into their business practices (Bosselmann, 2016). Large corporations use responsible and sustainable management to improve company performance. Business leaders understand that for their companies to gain a competitive edge, they need to incorporate responsible and sustainable practices to ensure the long-term success of their businesses. Johnson (2015) states that the environmental and social impacts of multinational companies overshadow the impacts of Small and Medium Enterprises (SMEs). Yet, in all industrialised and developing countries

like South Africa, these SMEs are the majority. Therefore, the development of the country's economy depends on SMEs (Rodgers, 2010b). Furthermore, Johnson (2015) states that collectively SMEs contribute a high percentage of pollution globally, involving countless ecological and social impacts. Yet research on responsible and sustainable management is done mostly on large companies rather than SMEs. The gap in literature raises a question of responsible and sustainable management practices by SMEs. SMEs have been playing a vital part in the economic growth of South Africa as they account for 41% to 42% of economic turnover in South Africa (SEDA, 2018). The Small Enterprise Development Agency (SEDA, 2018) report shows that between 6.9 and 8.1 million workers are employed in the SME sector combined with the owners, and the SME sector accounts for between 55% and 65% of employment in the country (Masocha and Fatoki, 2018).

Ayandibu and Houghton (2017) state that SMEs are usually located in geographical areas outside urban centres and thus have a positive impact in rural areas because they reduce poverty with the opportunities they bring to a community. According to Johnson (2015), SMEs are friendly entities that are more personalised than big corporations, which enables them to easily create and maintain good relationships with communities because they have the ability to offer specialised and personalised products and services for their communities (Rodgers, 2010b). Drawing from these authors, SMEs are portrayed as entities that can be measured by all their economic contributions. Nevertheless, they are not portrayed as entities that can be measured using responsible and sustainable management practices. Due to this, adopting responsible and sustainable management is vital for SMEs. There are several SMEs in Pietermaritzburg, KwaZulu-Natal. The city of Pietermaritzburg is the Legislative and Administrative capital of the KwaZulu-Natal province, as well as being the second biggest city in KwaZulu-Natal (Msunduzi Municipality, 2018).

The city's economy grew at an exceptional rate, by 30% in 2003-2004 (SEDA, 2018). Pietermaritzburg is undergoing structural improvements such as the building of shopping centres to attain economic status. This is where many SMEs are growing. This research focused on SMEs in Pietermaritzburg because it is the capital city of KwaZulu-Natal (Msunduzi Municipality, 2018). These SMEs need to adopt responsible and sustainable management practices for them to survive and be successful in the developing city. SMEs encounter

problems concerning management of their assets, including financial capital and human resources, which are significant for a company's development and success (Qian, 2010). Because of the limited research done on responsible and sustainable management practices by SMEs this research will, hopefully, contribute to the body of knowledge regarding responsible and sustainable management practices in small companies. This will not only contribute in South Africa but globally as well. The research also made managerial suggestions to the discipline of management. The research could also help to create awareness among those SMEs that were surveyed and who are not using sustainable management practices. It could assist other managers and entrepreneurs in SMEs to adopt and embrace responsible and sustainable management practices.

1.3. Research problem

Halme and Korpela (2014) state that previous research focuses mainly on barriers discouraging responsibility in SMEs and the means needed to improve responsible management in SMEs, while the present-day understanding of sustainability innovation in SMEs is low. Studies show that responsible and sustainable management practices in SMEs are under-researched. The gap in literature raises a question of responsible and sustainable management practices by SMEs. These practices are mostly associated with large businesses but not with the SMEs, even though these entities play a significant role in the economic development of emerging economies like South Africa's. The extent to which responsible and sustainable management practices are adopted by the SMEs in Pietermaritzburg has not explored and theorized extensively. This, therefore, generates questions around SMEs in Pietermaritzburg practicing responsible and sustainable management.

1.4. Research objectives and Questions

1.4.1. Research Objectives

Main Objective

- To explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal, South Africa.

Sub-Objectives

- To explore perceptions of SMEs regarding responsible and sustainable management
- Investigate how SMEs are implementing responsible and sustainable management practices
- Explore challenges experienced by SMEs in implementing responsible and sustainable management practices

1.4.2. Research questions

Main Question

- Are SMEs in Pietermaritzburg, KwaZulu-Natal, adopting responsible and sustainable management practices?

Sub-Questions

- What are perceptions of the SMEs regarding responsible and sustainable management?
- How are the SMEs implementing responsible and sustainable management practices?
- What are the challenges experienced by the SMEs in implementing responsible and sustainable management practices?

1.5. Conceptual Framework

The main purpose of this study was to explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. Based on the present literature and the contextual background, Figure 1.1 presents a conceptual framework that guided this study. This shows the way that Pietermaritzburg SMEs are likely to adopt and implement responsible and sustainable management practices.

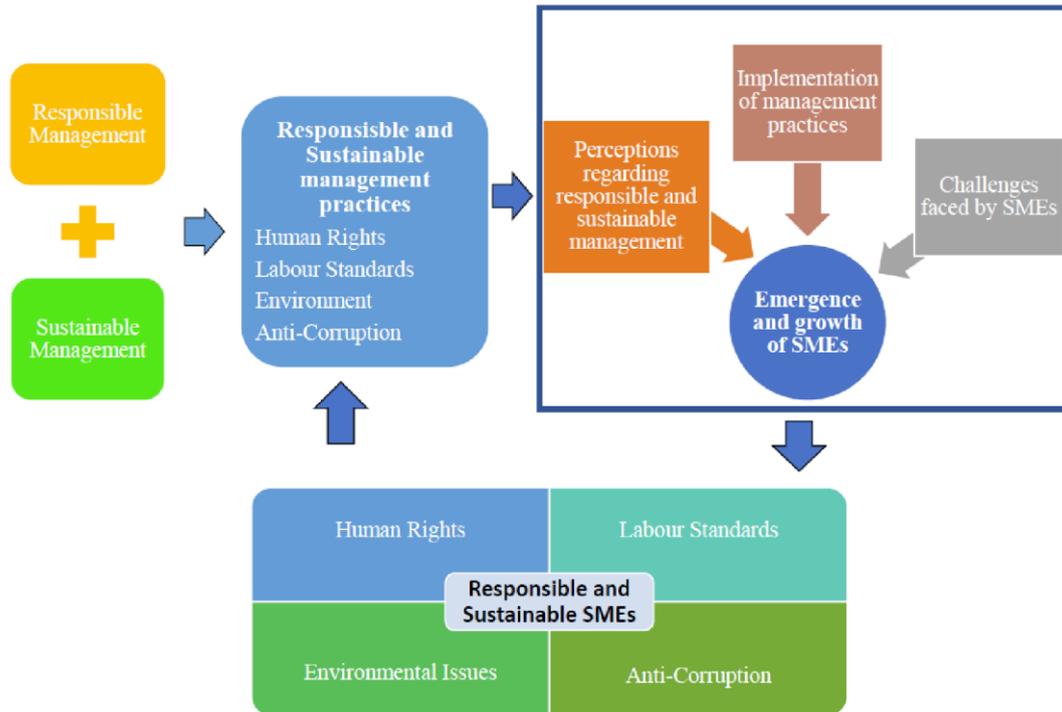


Figure 1.1 Conceptual frameworks for this study

Source: Author's own compilation

Responsible and sustainable management are two independent concepts that have evolved over time and different variables make them up. Responsible management is regarded as the type of management that is usually directed towards values and beliefs. Laasch and Moosmayer (2016) state that it assumes responsibility for the triple bottom line, stakeholder value and moral dilemmas and it is a difficult concept to observe, whereas sustainable management takes the notions from sustainability and converts them into management concepts (Ciegis, Ramanauskiene, and Startiene, 2009). Sustainability is made up of three branches: the needs of the present, the needs of future generations and the needs of the economy (Ciegis *et al.*, 2009). However, Igbinakhase (2017) states that the United Nations Global Compact (UNGC) created 10 principles that were, and still are, intended to improve the benefits of the worldwide economic growth by voluntary business policies and actions. These principles are variables for both responsible and sustainable management because they are beneficial to the stakeholders at large, founded around four structural themes. These four structural themes are human rights, labour, the environment and anti-corruption (United Nations Global Compact, 2014). Figure 1.1, which is the Conceptual frameworks for this study, shows the relationship of the two

concepts making up the four UNGC structural themes. This study looks at three factors that affect the adoption of responsible and sustainable management practices: the perception of SMEs regarding these initiatives, the way SMEs implement these management practices and the challenges SMEs face regarding the implementation of responsible and sustainable management practices. An SME may encounter a variety of challenges on the path to responsible and sustainable management.

1.6. Methodology

The main purpose of this research was to explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. This research used a mixed-method approach that falls under the pragmatism philosophy because it is said to be the most useful philosophy that supports a mixed-method research, it is a well-developed philosophy for mixing perspectives and approaches (Collins, Onwuegbuzie, and Jiao, 2007). According to Johnson and Onwuegbuzie (2004), pragmatism philosophy offers an epistemological justification; this paradigm evaluates the beliefs or theories at hand in terms of success in practical application. The mixed-method approach gave the researcher the opportunity of benefiting from the advantages of both the qualitative and quantitative methods. As a result, the study utilised in-depth interviews (qualitative data collection) and a questionnaire (quantitative data collection) to accomplish the research objectives. Furthermore, the exploratory sequential design was used because according to Creswell, Plano Clark, Gutmann, and Hanson (2003b) this design shape the data collection. Therefore, the data collected through the exploratory sequential design based on a two-phased approach. Where the first phase of data collection was through in-depth interviews (qualitative data collection) with SME owners/managers. The first phase of the data collection informed the second phase.

The convenience sampling (non-probability sampling) technique was used in this research to identify participants for both the in-depth interviews and the questionnaire survey. This sample design enabled the researcher to gather useful information in a relatively fast and inexpensive way. Moreover, the research population consisted of 122 SMEs registered under the Msunduzi Municipality. A sample calculator was used to calculate the needed number of SMEs for both the qualitative and quantitative data to represent the entire population. The sample calculator

was used in research to find the confidence interval and the confidence level (Sekaran and Bougie, 2016). From the 122 SMEs registered under the Msunduzi Municipality in Pietermaritzburg, the SME owners/managers made up the sample size of 93 SMEs. This was generated for the study with a 95% confidence level. The researcher got primary data for this study from the SME owner/managers from the Pietermaritzburg SMEs. The municipality provided the researcher with a list of registered SMEs that are under the Msunduzi Municipality. Contact details of the participants were included in the list, which made it easy for the researcher to recruit participants. Primary data was collected using two instruments, in-depth interviews, and questionnaires given to SME owners/managers. Data quality is vital for every research. To see if the instruments would produce intended results, the researcher conducted a pilot study and reliability test. Furthermore, the researcher wrote the study instruments in English due to the fact this language is recognised all over in the business world. Moreover, the researcher gave the semi-structured interview and questionnaire to an expert in the field of responsible and sustainable management to assess content validity.

The data from in-depth interviews were analysed using Braun and Clarke's six-phase framework for doing a thematic analysis to meet the research objectives. The researcher used the Statistical Package for Social Science (SPSS) computer software version 25 to analyse and interpret quantitative data. Furthermore, descriptive statistical tools such as bar charts, pie charts, bar graphs, and histograms presented the results because all the constructs had different classifications. Furthermore, the study used Factor Analysis as an inferential analysis of research responses. Factor analysis analysed the factors affecting the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. KMO and Barlett's test was done to detect whether the data is suitable for factor analysis. Additionally, the researcher used other factor analysis tools such as the total variance explained, scree plot and rotated variance explained.

1.7. Study Site

The study site is said to be the place where data for the research is collected (Bell, 2014). This research took place in the capital city of KwaZulu-Natal, Pietermaritzburg. The local municipality for Pietermaritzburg is the Msunduzi Municipality, which is under the UMgungundlovu District. The Msunduzi Municipality is the main economic hub in the

District. Because this study was dealing with different SMEs in and around Pietermaritzburg, under the Msunduzi Municipality administration, there is no physical address for the study because all the SMEs were in different geographical areas in Pietermaritzburg.



Figure 1.2: Pietermaritzburg (Msunduzi Municipality) Map

Source: Google Maps

1.7. Ethical Considerations

Ethical considerations in research ensured that no one suffers or is harmed due to the study activities. Bell (2014) states that when a researcher conducts a study in a manner that is aware of human rights, the researcher possesses ethical awareness. Every University of KwaZulu-Natal research requires ethical approval before it is conducted. The University of KwaZulu-Natal Ethics Committee gave the researcher ethical approval for this study. The researcher reminded the participants of their rights to be sure that they were comfortable with the research, and that they did not have to continue with the research if they did not wish to. Privacy and confidentiality were promoted, as well as the respondents were assured that they would remain anonymous. To further ensure that human dignity was maintained in the research, no person participated in the study without adequate information about the research and they all signed the informed consent form. The consent forms and ethical clearance certificates are attached as Appendix A and D of the study respectively.

1.8. Limitations

One of the limitations of this research is that the whole sample was taken from SMEs registered with the Msunduzi Municipality in Pietermaritzburg, KwaZulu-Natal. Therefore, the results of the research cannot be generalized across all SMEs in Pietermaritzburg and KwaZulu-Natal. One other limitation is that the research used a non-probability sampling technique for gathering participants. For that reason, the results do not reflect the responses of the entire population. Despite the above limitations, the findings lay a foundation for future research.

1.9. Structure of the dissertation

Table 1.1 displays five chapters that are in the dissertation, organized as follows:

Table 1.1: Dissertation Structure

Chapter Number and Title	Chapter Purpose
Chapter 1: Introduction and background of the study	This Chapter provides a detailed introduction, background of the study, and limitations of the study
Chapter 2: Literature Review	Chapter 2 contains a comprehensive literature review on responsible and sustainable management practices, dimensions that are important for this study. This chapter also contains a detailed literature review on SMEs as business entities in relation to the objectives of the study. It explores the challenges, benefits, and strategies used by SMEs in implementing responsible and sustainable management practices.
Chapter 3: Research Methodology	Chapter 3 consists of a description of the research methods used for the study. It shows how the research objectives will be met through the use of the exploratory sequential mixed method design.

<p>Chapter 4: Presentation and interpretation of results</p>	<p>This chapter presents the findings and interpretation of results. In-depth interviews were transcribed, and themes identified as results. SPSS was used to capture quantitative data; descriptive and inferential statistics were used to present and interpret results. This chapter further discusses the results in line with the research objectives of the study. The literature review chapter based on responsible and sustainable management practices by SMEs guides the discussion.</p>
<p>Chapter 5: Conclusion and recommendations for further research</p>	<p>This chapter covers the conclusions and recommendations based on the findings from chapter 5. The chapter also gives the limitations of the study and suggestions for future studies in the management field.</p>

Source: Author's own compilation.

1.10. Conclusion

The main purpose of this study is to explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal, South Africa. Studies show that responsible and sustainable management practices in SMEs are under-researched. These management practices are mostly associated with large businesses, although SMEs play a significant role in the economic development in emerging economies like South Africa's. This chapter introduces, discusses the background and outlines the motivation of the study. It also provides the research problem, objectives and research questions of the study. This is followed by the conceptual framework adopted, brief summary of the methodology, study site, as well as ethical considerations and limitations for the study. Lastly, the structure of the dissertation is presented. The following chapter reviews literature that is relevant for this research.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

Chapter 1 outlined the introduction, background and the need for the study. The main purpose of this chapter is to review the literature on responsible and sustainable management practices in connection with SMEs and the objectives of this study.

Responsible and sustainable management arose from the increasing awareness of the worldwide links between the growing environmental problems, socio-economic issues. These issues concern inequality and the health of future generations. The changes that are happening in the world affect the environment, societies, and economies of countries. The environmental issues facing the world include pollution, land degradation, global warming, climate change, etc. In addition, social issues include gender issues, inequality and other social concerns that are always emerging in the world. Economic issues facing the world economy at large, as well as regions and countries, include inflation, inequality, labour issues, emerging markets, and the impact of new technologies. All these issues have drawn attention to how corporates and SMEs in South Africa are adopting and are creating awareness about responsible and sustainable management practices.

Therefore, this chapter looks at studies on how corporations around the world have adopted responsible and sustainable management practices and how these practices have affected their performances. The chapter discusses this on several levels. Firstly, it states the need for responsible and sustainable management to see why SMEs should adopt the practices. Secondly, it discusses the concepts relevant to this study. Then this chapter explores the Ten Principles of the United Nations Global Compact (UNGC) as practices that organisations should follow for effective responsible and sustainable management. Then the discussion of concepts like environmental responsibility, social responsibility, economic responsibility, business ethics, responsible leadership, corporate social responsibility and sustainable innovation follows because they are initiatives that form responsible and sustainable management practices. This chapter further looks at SMEs in South Africa. Lastly, it covers the challenges experienced by SMEs in implementing responsible and sustainable management practices.

2.2. Need for responsible and sustainable management

According to Palazzo and Wentland (2011), the world is challenged by growing ecological problems from resource depletion as well as the weakening ability of the earth to absorb the side effects of many years of industrial production. Owing to these growing concerns, economic creation by companies must be directly measured with some environmental and social performance metrics. Igbinakhas (2017) argues that this leads corporations all over the world to start gravitating towards globally acknowledged business standards and in today's corporate environment responsible and sustainable management practices are becoming the standard as part of business practices. Alshehhi, Nobanee, and Khare (2018) posit that businesses around the world are becoming more competitive. In addition to competitiveness, the world is forever changing, putting companies under immense pressure not only to succeed but also to maintain their success in the future (Alshehhi *et al.*, 2018). Drawing from these authors, we see the need for responsible and sustainable management because mainstream corporate management practices have resulted in the world's current negative situations. Laasch and Moosmayer (2016) further confirm this insight that negative situations include social crises and social injustice and environmental destruction.

Carbone, Moatti, and Vinzi (2012) view initiatives by corporates regarding responsible and sustainable management practices as influenced by the type of industry they are in and the location they are based in. Businesses shape their own practices in relation to different types of internal and external pressures they experience (Carbone *et al.*, 2012). Considering responsible and sustainable management initiatives, businesses aim at refining their social, environmental and economic performances. This is referred to as companies meeting the **triple P (people, planet and profit)** of business (Bos_Brouwers, 2010). Since responsible and sustainable management practices have become so crucial for the big corporates, how then is this occurring and being adopted by SMEs? Are such practices among the SMEs an indication of the commitments to the triple bottom line? Literature discusses widely several initiatives created to promote responsible and sustainable management for businesses all over the world.

Umwelt, Lüneburg, Management, and Schaltegger (2002) add that companies contribute greatly to the improvement of a society's sustainability. For instance, there is a great deal of pollution happening all around the earth and the recovery from it cannot be easily attained,

even though some corporations globally are achieving zero emissions (Johnson, 2015). However, Kuhlman and Farrington (2010) state that many people are still trying to fulfil their desires without thinking about the natural resources that would provide for future generations, consequently creating more economic and environmental problems. These challenges are not economical or environmental only, but their interactions exist among all aspects of life. This leads to social, ethical and political challenges. Zhang, Bartram, McNeil, and Dowling (2015) explain that corporations as units of society can solve these problems. The management of inputs and materials must be done in a responsible manner by combining human capabilities and skills. Such management would result in an increase in output quality. If all companies considered their output quality, this would lead to an improvement in the quality of life in all of society.

Nguyen (2016) states that pursuing responsible and sustainable management makes firms more competitive and resilient. It allows firms to purposefully and efficiently make use of their financial resources, labour capacity and raw materials (Nguyen, 2016). In addition, companies benefit from responsible and sustainable management practices by improving their financial, environmental and social performances. Awareness and communication about the implementation of sustainability strategies create some measurement and some feedback channels. These practices are useful in assisting managers' decision-making regarding environmental, economic and social aspects related to organisational operations. If a company executes these practices properly, it can monitor and pinpoint all the harmful operations related to social, environmental and economic aspects. This can lead to organisational efficiencies and internal cost-saving (Johnson, 2015). Starik and Kanashiro (2013) describe responsible and sustainable management as a revolution, which is a movement of organisations, individuals and societies towards creating the capacity for socioeconomic and environmental long-term quality of life improvement.

Nguyen (2016) argues that big businesses are more responsible and capable of implementing these practices. While SMEs are exposed to responsible and sustainable needs, data showing whether these entities are, or are not, engaging in the practices seems to be lacking. This may be indicative of a lack in research in the field of SMEs. Literature seems little in dealing with an SME's ability to adopt and implement responsible and sustainable practices. SMEs need to

adopt these practices. By doing so, the sector will increase corporate social responsibility in global supply chains. SMEs should meet growing demands by customers to buy sustainable products. If SMEs integrate responsible and sustainable initiatives into their competitive strategies, it would lead to profitability. However, the broad lack of research on responsible and sustainable management practices by SMEs raises the question of whether SMEs in South Africa are at all adopting and implementing the practices.

2.3. Conceptual Analysis

Responsible and sustainable management is a broad concept made up of various concepts that are defined differently by different scholars. These concepts are presented in Figure 1 below.



Figure 2.1: Concepts in Responsible and Sustainable Management

Source: Author’s own compilation.

2.3.1. Responsible Management

Laasch and Moosmayer (2016) state that responsible management is the type of management directed towards values and beliefs. The authors further indicate that the concept assumes the responsibility for the triple-bottom-line, stakeholder value, and moral dilemmas. Funieru (2016) adds that a manager needs to be constantly weighing up the economic, social and environmental effects and safety impact of their decision-making and compliance with all the appropriate legislation. Drawing from these authors, this as a difficult concept to observe

because responsible management entails a competent manager acquiring different competencies from the traditionally acquired ones. Laasch and Conaway (2014) indicate that responsible management is composed of three dimensions namely: sustainability, responsibility, and ethics that are presented in Figure 2.2 below.

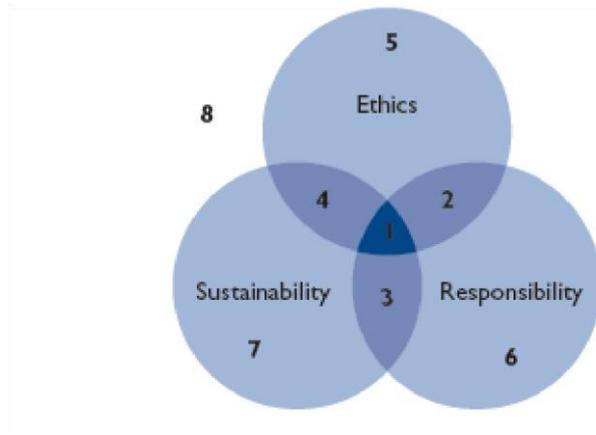


Figure 2.2. Dimensions of Responsible Management

Source: Laasch and Conaway (2014, p. 27)

- Sustainability: This management practice promotes a sound, positive triple bottom line that also protects, creates, and sustains social, environmental, and economic business value. Management activity must incorporate the triple bottom line optimization.
- Responsibility: This management practice looks at the overall stakeholder value, instead of just a narrow focus on maximizing shareholder value. This management practice must embrace stakeholder optimization.
- Ethics: This looks at management decisions that must be morally desirable in both process and outcome. This management practice must promote ethical decision-making and create moral excellence.

In view of Figure 2.2 above, and table 2.1 below, the three dimensions of responsible management are interrelated, complementary and overlapping in some cases. In Figure 2.2 the numbers five, six, and seven, show the three dimensions of responsible management: ethics, responsibility, and sustainability. In this same figure, the numbers two, three, and four demonstrate theories representing the overlap between two of the domains. For example, sustainability ethics, which would fall in number four, is a mixture of the dimensions of

sustainability and ethics. Number one shows the desirable situation of responsible management where all three domains are satisfied. Responsible management leads to what is called prime management, which refers to higher management practice leading to performance that, at the same time, is socially, environmentally, and economically sustainable; elevates SV; and leads to moral excellence. Number 8 demonstrates the opposite situation, irresponsible management, where none of the domains is satisfied.

Table 2.1. Relationship between the three dimensions of responsible management

Type	Number	Exemplary Description
Responsible	1	Prime: Sustainable, responsible, ethical
Advanced responsible	2	Responsible and ethical: E.g., following the greatest happiness principle rejected in utilitarian ethics and in stakeholder value
	3	Responsible and sustainable: E.g., stakeholder responsibility as means for the goal of sustainability as indicated by the ISO 26000
	4	Ethical and sustainable: E.g., following a strict environmental ethics approach that makes environmental sustainability a dominant stakeholder value and part of the broader stakeholder value optimization
Emerging responsible	5	Ethics: Morally excellent
	6	Responsibility: Optimum stakeholder value
	7	Sustainability: Optimum triple bottom line
Irresponsible	8	Irresponsible: Non-sustainable, irresponsible, unethical

Source: Laasch and Conaway (2014, p. 27)

2.3.2. Sustainable Management

Johnson (2015) states that sustainable management consists of internal development tools, of the triple bottom line measures and the external contribution to the sustainable development of society and the economy. These tools help managers to monitor and evaluate internal

development while engaging in a dialogue with external stakeholders on sustainable development issues (Johnson, 2015). Moreover, sustainable management takes the notions from sustainability and produces them into management concepts. Starik and Kanashiro (2013) define it as the formulation, implementation and evaluation of environmental, economic and socially related decisions and actions. Sustainability looks at the ability of an organisation to operate in the long term. In other words, it refers to the organisation's ability to remain profitable while ensuring that the environment is taken care of because it promotes achieving long-term objectives (Hlatywayo, 2015). The studies by these authors show the importance of an organisation to be able to seek a balance between its short-term profitability and future goals. Additionally, sustainability concentrates on putting society and the environment first, because by doing so the organisation will gain trust from society and it will be able to achieve its long-term goals (Masurel, 2007).

According to Nguyen (2016), a number of scholars have proposed approaches for sustainability, but the most well-known strategy is the sustainability triangle. This strategy allows the concept of sustainability to be applied in businesses by attempting to provide an applicable sustainable management model in organisations (Rankin, Gray, Boehlje, and Alexander, 2011). Figure 2.3 below presents the visual management concept of sustainability in the form of the sustainability triangle. This figure shows the three aspects of sustainable management in the corners. The three aspects are: economic, social and ecological. The figure also represents the firm's effectiveness in achieving each component. Effectiveness is the goal of each aspect, and the triangle shows how successfully organisations manage the two aspects to achieve a single goal.

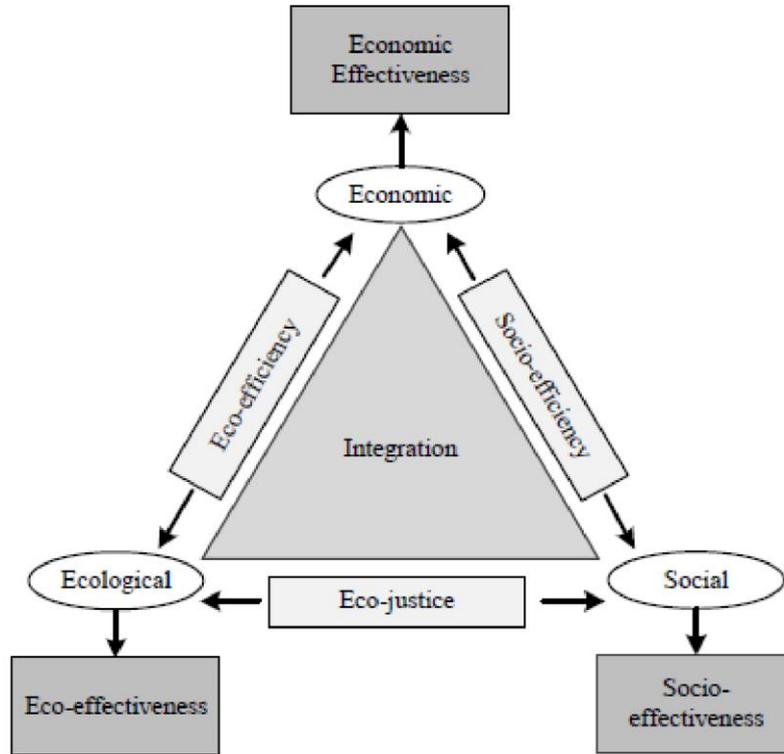


Figure 2.3 Sustainable Management

Source: Nguyen (2016, p. 38)

According to Nguyen (2016), efficiency also defines how organisations can maximise the goals of low resource usage. Looking at the figure, in between two aspects is their relationship, for example, eco-efficiency for the relationship between economic, ecological, and environmental dimensions. This can be in the form of a reduction of energy use, which reduces operational costs. Even though the figure presents an ideal approach to sustainable management, it is a challenge for an organisation to integrate all these dimensions. This is because firms need to consider the links between the aspects. According to Gibbons and Barman (2010), organisations have to maximise their profits with an equal maximisation of environmental protection and social equity. Sustainability management is viewed as the art of overcoming trade-offs between social, environmental and economic perspectives (Curran, 2004).

The above section defined two main concepts of this research separately. The following section will cover responsible and sustainable management in combination through the Ten (10)

Principles of the United Nations Global Compact. This is because these principles are accepted all over the world and they make up responsible and sustainable management practices.

Igbinakase (2017) states that the United Nations Global Compact created ten principles that intend to improve the benefits of worldwide economic growth, by voluntary business policies and actions. These principles are found around four structural themes that are beneficial to the stakeholders at large. These four structural themes are human rights, labour, the environment, and anti-corruption (United Nations Global Compact, 2014).

- Human Rights Theme (United Nations Global Compact, 2014)

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

The human rights theme stresses that all firms should promote, adhere, support all the internationally acknowledged human rights, and avoid human rights abuse (Igbinakase, 2017). Human rights laws are created to protect every citizen. They focus on preserving and maintaining human dignity in all aspects of society. Therefore, corporations are key role players in the protection of human dignity in all their practices that involve people. In addition, businesses need to avoid violating human rights in order to be responsible and maintain quality management practices (United Nations Global Compact, 2014).

- Labour Standards (United Nations Global Compact, 2014)

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

The labour clauses focus on eliminating discrimination in relation to employment and occupation, eradicating child labour, encouraging freedom of association, eliminating every

type of force and compulsory labour, and also recognising the right to collective bargaining (Igbinkhase, 2017). According to Igbinkhase (2017), labour is important and plays a strategic part in companies because it gives many workers a chance to meet organisational goals in society while giving employment that brings about economic sustenance of the employees. When businesses adopt responsible and sustainable practices in their labour management activities, societies and companies gain. This is when businesses avoid breaking any sort of local and international labour law. This is important because customers are becoming more conscious of fair labour standards.

- Environment theme (United Nations Global Compact, 2014)

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

The third part looks at the environment. The UNGC initiatives stress companies should promote approaches to environmental issues, be involved in practices that promote environmental responsibility, promote the innovation and increase of environmentally friendly technologies (Igbinkhase, 2017). Nowadays, companies cannot ignore the fact that they cannot function in isolation. They need to interact with their surroundings effectively and efficiently for their own survival. These surroundings are made up of the earth's life supporting environments. Therefore, environmental sustainability needs to be part of companies' operations focusing on sustaining these surroundings for all the stakeholders in society to benefit. Corporations need to have strategic goals that will always focus on ways to effectively and efficiently sustain all the earth's life-supporting systems and interactions with all the different communities for a sustainable environment for all of society.

- Anti-Corruption theme (United Nations Global Compact, 2014)

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The fourth and last part of the 10 principles looks at the anti-corruption initiatives. It promotes that all companies need to completely avoid all sorts of corruption (United Nations Global

Compact, 2014). This includes extortion and bribery since they are the most common globally in developing and developed countries. It is unethical behaviour for illegal and selfish gains. The effects of corruption are negative for both the businesses and society; firms need to create effective anti-corruption initiatives that will be in the culture and practices of the businesses. Corporations have a huge role to play when it comes to ending corruption. They should be involved in any opportunity to fight corruption in society and should encourage anti-corruption campaigns in every way (Igbinkhase, 2017).

The ten principles of the United Nations Global Compact are appropriate for bigger companies because of their abundant resources. These large companies can deal with the complexity of multidimensional responsible and sustainable management concepts. However, according to Nguyen (2016), the complex dimensions of these practices may not be suitable for application to SMEs because of their size and characteristics. Therefore, studies need to take into consideration the characteristics of SMEs. If relevant information about responsible and sustainable management is available, SMEs can implement the practices and consider the challenges that they are faced with. Research that focuses on perception and challenges that SMEs are faced with can provide more details and criteria for responsible and sustainable practices. This will further promote the adoption of the initiatives by different sorts of SMEs. Consequently, a growing number of countries have shown interest in these initiatives. In some regions, they develop and adapt their own practices that best suit their small companies. Some of these practices have taken a form of Environmental responsibility and corporate social responsibility (CSR), responsible business behaviour, sustainable development, sustainable innovation, responsible leadership and business ethics.

2.3.3. Environmental Responsibility

According to Vives (2006), environmental responsibility practices are initiatives that are related to the company's daily operations in the physical environment. Cassells and Lewis (2011) state that there is an increase in pressure for companies all over the world to assess their impact on the environment. Environmental responsibility looks at a company's duty to refrain from damaging the natural environment. It involves practices that look at issues of energy and water efficiency, waste reduction, impact monitoring, verification of suppliers' responsibility,

recycling or treatment, taking advantage of by-products and environmental management (Vives, 2006). It is further stated by Bos-Brouwers (2010) that these practices should be enforced by regulations that ensure that all organisations have above compliance environmental initiatives in place. Therefore, environmental responsibility looks at the burdens that the economic activities of an organisation place on ecosystems. Ecosystems can be exposed to danger when these economic activities build up to a certain limit before lasting long-term damage occurs. In addition, Popa (2015) stipulates that the environmental responsibility ensure long-term protection of the natural environment and conservation of biodiversity. This involves reducing the environmental burden triggered directly or indirectly by organisations.

2.3.4. Social Responsibility

According to Mežinska, Lapiņa, and Mazais (2015), social responsibility measures how a company does business and relates it to the principles of accountability, ethics, and respect for laws, transparency, stakeholders and the environment. Social responsibility looks at the challenges that face a business with the task of improving some of its social impacts. Organisations are embedded in society and they depend on social acceptance. Businesses have to take account of their social impacts on the community and society as a whole (Mežinska *et al.*, 2015). Thus, the main goal is to advance social effectiveness and therefore decrease socially unpleasant effects of the organisation and encourages positive social effects. This greatly improves the social acceptance of the business.

2.3.5. Economic Responsibility

Popa (2015) states that the economic responsibility of a firm is to create products and services that will turn into profit to the business. When economic responsibilities are achieved by the business, they should not be able to breach legal and ethical expectations by committing crimes and failing to invest in philanthropic initiatives (Popa, 2015). In addition, Jamali, Lund-Thomsen, and Jeppesen (2017) articulate that every organisation needs to meet its economic duties in terms of reasonable returns to investors, give customers goods at a fair price and fair compensation to the employees. According to Ketschau (2017), meeting the economic responsibilities is essential for any organisation to survive. For this reason, meeting the economic responsibility is the first and most important responsibility. This is because when

the business attains its economic expectations it will be able to perform other responsibilities. Moreover, the economic responsibilities of an organisation are to sustain precise reporting of company activities, pursue low-cost systems and maintain a profitable structure.

2.3.6. Business Ethics

According to Crane and Matten (2016), this is a form of ethics that focuses on the ethical principles and moral problems that can occur in a corporate environment. Business ethics is also known as corporate ethics. It looks at all the features of business conduct, focuses on the conduct of individuals and an entire company. Crane and Matten (2016) state that these ethics can originate from the legal systems, organisational statements and individuals. They guide businesses and help corporations maintain good relationships with their stakeholders. Avram and Kühne (2008) add that research shows that competitive advantage can result from ethical practices and a high level of corporate integrity. Furthermore, Bos, Brouwers (2010) states this initiative under business ethics looks at high levels of transparency in communication with all stakeholders and having a good code of conduct and ethics in all the business decisions regarding 2nd and 3rd world countries. This also includes a selection of suppliers based on good conduct. This requires leaders of the organisations to be responsible. Additionally, business ethics looks at duties that are just and fair for firms to meet.

These obligations go beyond the law and contribute to social wellbeing. Just conforming to the law, rules, and regulations does not make a corporation's business conduct good and ethical to be good to society (Jamali *et al.*, 2017). According to Avram and Kühne (2008), ethical responsibilities are made up of what is generally expected by society from organisations over and above legal and economic expectations. However, it is challenging to define ethical responsibility as some ethical issues are defined by the culture of a society. This makes it hard to determine what is ethical from one society to the other. Yet, companies are expected to look for what is acceptable to society and as required by governmental ethical codes.

2.3.7. Responsible Leadership

Pless and Maak (2011) state that responsible leadership is about making organisational decisions considering the interests of all the stakeholders, such as the shareholders, employees, customers, suppliers, the environment, society and future generations. Doh and Quigley (2014) argue that responsible leadership is said to be the management of the business relations with the society aimed at addressing the firm's different stakeholders while focusing on contributing to the bottom lines of social, environmental and economic performance. As a result, responsible leadership is one of the requirements that an organisation needs for good strategy implementation in the 21st century, because good leadership is a vital aspect of every organisation and is important in this globalizing economy. Moreover, daily business is becoming more complex due to the different beliefs, lifestyles, as well as the variety of legal regulations.

2.3.8. Corporate Social Responsibility (CSR)

Proti (2012) believes that CSR is the dominant responsible and sustainable initiative in business reporting in this generation, and it is seen as a practice that looks at the relationship between an organisation and all its stakeholders. Popa (2015) states that CSR focuses on corporate behaviour and how an organisation's image grows using environmental management strategies as a tool and it looks at how it makes a profit out of it. Fisher, Geenen, Jurcevic, McClintock, and Davis (2009) indicate that CSR can also be defined in a number of ways focusing on society, the corporation, its environment, and stakeholders. Drawing from the authors there are various ways of defining CSR, focusing on society, the corporation, environment, and stakeholders. This is further supported by Gelbmann (2010), who argues that CSR is a multi-layered concept comprising, of four inter-related characteristics of responsibilities, namely: economic, legal, ethical, and philanthropic. Lastly, CSR is progressively taking into consideration the interests of the individuals in the corporate world and the broadest definition of CSR is the relationship between business and stakeholders.

2.3.9. Sustainable Innovation

According to Lubberink, Blok, van Ophem, and Omta (2017) sustainable innovation is said to be a concept that is made up of several approaches to sustainability-related innovations. It

includes green, eco, environmental and sustainable innovations. These innovations are said to be ecological or economical, or both. Sustainable innovations are seen as innovations that have less to no negative impact on the environment. The full life cycle of the innovation here is considered to assess their environmental impact (Lubberink *et al.*, 2017). Therefore, sustainable innovations appear in different forms including products, processes, services and business models. These approaches under sustainable innovation have a market orientation, satisfying needs and they are competitive in the market.

The above concepts are part of responsible and sustainable management practices. These practices are easily adopted and implemented by large businesses all around the world including big companies in South Africa. Nevertheless, these practices require perception from owners of the business, including individuals who are owners and managers of SMEs. According to Qeke and Dubihlela (2018), SMEs have the potential for providing opportunities and eradicating poverty in a more responsible and sustainable manner. Nevertheless, in the emerging market like South Africa, the SMEs are still struggling and battling with issues of sustainability (Qeke and Dubihlela (2018)). Many SMEs have no knowledge of these practices, and they only aim at financial gains. However, there is a gap in South African literature focusing on the implementation of responsible and sustainable management practices by SMEs. This raises the research question about whether or not SMEs in Pietermaritzburg are adopting these responsible and sustainable management practices.

2.4. Key insights in SMEs responsible and sustainable management

Insights from responsible and sustainable management literature and some variables from the Ten Principles of the United Nations Global Compact are found helpful to this study. Concepts like environmental responsibility, social responsibility, economic responsibility, business ethics, responsible leadership, corporate social responsibility and sustainable innovation should be considered for SMEs' initiatives in responsible and sustainable management practices. Literature shows that large businesses in the world have adopted practices in responsible and sustainable management that have affected their performances. The adoption and implementation of these practices do not only benefit the companies but meets the economic, environmental and social needs of the world. Therefore, it is vital for SMEs in Pietermaritzburg

to also adopt these practices. The following section focuses on SMEs and their importance in South Africa. This section will also look at the SMEs' perception regarding responsible and sustainable management practices and the main challenges they face.

2.5. Small and Medium Enterprises

According to Gelbmann (2010), SMEs are very important; they are an interesting concept that has gained a lot of interest from the academic and economic world. The term 'SME' is frequently used but it is never really defined (Gelbmann, 2010). Petts, Herd, Gerrard, and Horne (1999) state that SMEs have no universally accepted definition, as there are different characteristics that are used to classify these enterprises such as turnover, number of employees, gross asset value, the sector they operate in or the environmental and social impact they make. Moreover, it is said that the definition of SMEs tends to be specific for each country (Hammann, Habisch, and Pechlaner, 2009). Looking at the European Commission, they use staff headcount and an annual turnover of the balance sheet total as guidelines for defining SMEs. The definition includes micro-entities, small businesses and medium-sized businesses and SMEs is the abbreviation. According to Cassells and Lewis (2011), SMEs in the Asia Pacific region, the guideline to defining SMEs is by the number of employees and turnover and or asset value. Furthermore, in China, the SME promotional law of 2003 guides the categorisation of SMEs and differs from industry to industry. Johnson (2015) states that the average number of maximum employees across all industries for a Chinese SME is 1500 and an average total asset value of between 40 to 400 million Yen or annual revenue of between 30 to 300 million Yen.

SEDA (2016) indicates that SMEs in South Africa are classified based on each industry, number of employees, annual turnover and VAT registration. Hlatywayo (2015) argues that the National Small Business Act of 1996 Section 102 is used to define and classify businesses according to micro, very small, and medium-sized using given guidelines in respective sectors of the economy in the country. The National Small Business Act of 1996 defines 'Small and medium enterprises' as follows: Small-medium enterprises in South Africa are classified as micro, very small, small or medium (SEDA, 2016).

The following table shows South African entities

Table 2.2. Classification of SMEs in South Africa

Sector/ subsectors in accordance with the Standard Industrial Classification	Size or class	Total fulltime equivalent of paid employees Less than	Total annual turnover Less than (R million)	Total Gross Asset Value (fixed Property excluded) Less than (R million)
Agriculture	Medium	120	R4.00m	R4.00m
	Small	50	R2.00m	R2.00m
	Very small	10	R0.40m	R0.40m
	Micro	5	R 0.15m	R 0.15m
Mining and Quarrying	Medium	200	R30.00m	R18.00m
	Small	50	R7.50m	R4.50m
	Very small	20 5	R3.00m	R1.80m
	Micro		R 0.15m	R 0.10m
Manufacturing	Medium	200	R40.00m	R15.00m
	Small	50	R10.00m	R3.75m
	Very small	20	R4.00m	R1.50m
	Micro	5	R 0.15m	R0.10m
Electricity, Gas and Water	Medium	200	R40.00m	R15.00m
	Small	50	R10.00m	R3.75m
	Very small	20	R4.00m	R1.50m
	Micro	5	R 0.15m	R 0.10m
Construction	Medium	200	R20.00m	R4.00m
	Small	50	R5.00m	R1.00m
	Very small	20	R2.00m	R0.40m
	Micro	5	R 0.15m	R 0.10m
Retail and Motor Trade and Repair Services	Medium	120	R30.00m	R5.00m
	Small	50	R15.00m	R2.50m
	Very small	10	R3.00m	R0.50m
	Micro	5	R 0.15m	R 0.10m
Wholesale Trade	Medium	120	R50.00m	R8.00m
	Small	50	R25.00m	R4.00m
	Very small	10	R5.00m	R0.50m
	Micro	5	R 0.15m	0.10m

Commercial Agents and Allied Services	Medium Small Very small Micro	120 50 10 5	R30.00m R15.00m R3.00m R 0.15m	R8.00m R4.00m R0.50m R 0.10m
Catering	Medium Small Very small Micro	120 50 10 5	R10.00 m R 5.00 m R 1.00 m R 0.15 m	R 2.00 m R 1.00 m R 0.20 m R 0.10 m
Transport	Medium Small Very small Micro	120 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 2.00 m R 1.00 m R 0.20 m R 0.10 m
Storage	Medium Small Very small Micro	120 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m
Communications	Medium Small Very small Micro	120 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m
Finance	Medium Small Very small Micro	120 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 4.00 m R 2.00 m R 0.40 m R 0.10 m
Business Services	Medium Small Very small Micro	120 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 4.00 m R 2.00 m R 0.40 m R 0.10 m
Community	Medium Small Very small Micro	120 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m
Social and Personal Services	Medium Small Very small Micro	120 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m

Source: Hlatywayo (2015, p. 28)

The above table shows both qualitative and quantitative classifications of SMEs in South Africa. According to Hlatywayo (2015) the National Small Business Act of 1996 as amended in 2004, companies are classified according to sectors. The number of permanent workers employed, annual turnover and the size of companies in each sector use the net total asset value for classification. For a business to be recognized as a small enterprise, it should employ fewer than 50 people across all sectors and have a gross asset value that ranges between R2 million to R10 million depending on the sector (SEDA, 2016). A very small enterprise is required to hire a maximum of ten people and have an annual turnover that ranges between R1 million and R5 million with a net asset value of less than R5 million depending on the sector. Medium enterprises businesses are required to employ at least 120 permanent employees in all sectors except in the mining and quarrying, manufacturing, electricity, gas and water and in construction sectors where businesses are required to employ at least 200 permanent employees (Bruwer and van Den Berg, 2017b).

Micro enterprises hire between 1 to 5 people and have a maximum turnover of R0.5 million and a total of the gross asset value of less than R0.15 million across all sectors. However, annual turnover varies from sector to sector. For example, medium-sized enterprises in the manufacturing, mining, and quarrying sectors have an asset value of less than R15 and R18 million respectively. In other sectors, the net asset value varies from R0.50 to R4.5 million. In short, the number of permanent people employed is mainly used as a base in categorizing enterprises in different sectors between medium, very small, small and micro 2004 (Ayandibu and Houghton, 2017).

Normally, the definition of an SME takes a three-level approach: Micro, Small and Medium. For the purposes of this research, the term SME will refer to micro-enterprises, consisting of no more than ten employees. Ayandibu and Houghton (2017) provide a summarised table of the definition of SME in South Africa, in a form of size schedule, which is best, suited for this research. The table is composed of two types of firms, the small and medium. The small enterprise is composed of 1-49 employees with a turnover of not more than R13million and a balance sheet of not more than R5million. The table further presents the medium enterprise composed of 51-200 employees with a maximum of R51million and a balance sheet of not more than R19million.

Table 2.3: Definition of SMEs in South Africa in the form of size schedule

Type of firm	Employees	Turnover	Balance sheet
Small	1-49	Maximum R13million	Maximum R5milliom
Medium	51-200	Maximum R51million	Maximum R19million

Source: Ayandibu and Houghton (2017, p. 134)

2.6. Nature and importance of SMEs in South Africa

According to SEDA (2016), the 2008 and 2009 global financial crisis pulled the South African economy into recession. Masocha and Fatoki (2018) state that the South African domestic economic policies changed when interest was reduced considerably and a new political administration came into power. The SMEs' landscape was impacted by these factors of change (Palazzo and Wentland, 2011). SMEs have been playing a vital part in the economic growth of South Africa and they account for 41% to 42% of economic turnover in South Africa (SEDA, 2018). The SEDA (2018) report shows that 6.9 and 8.1 million workers are employed in the SME sector combined with the owners. The SME sector accounts for between 55% and 65% of collective employment in the country. The literature on SMEs displays that in developing and developed countries, governments see them as the main drivers of economic growth (Vives, 2006). SMEs are one of the contributors to employment and engines for wealth generation in South Africa. Ayandibu and Houghton (2017) state that between 2004 and 2007 SMEs in South Africa accounted for 76% of the total employment in the economy and of the net amount of new jobs.

These entities usually hire people from around the communities where they are located and they train employees. By doing so they equip them with skills that will help develop the surrounding communities (Avram and Kühne, 2008). Currently, SMEs play a vital role in contributing to economic development, social upliftment, and political stability worldwide (Hammann *et al.*, 2009). In South Africa, the SME sector is one of the largest contributors to the country's economy, because it is estimated that 90% of all formal businesses in the country are SMEs (Ayandibu and Houghton, 2017). These businesses have also contributed highly to

the income, output and employment openings, which usually result from business activities in both urban and rural areas (Halme and Korpela, 2014). This is significant because these enterprises play an important role in the country's overall production network by contributing to the economic growth process (Masurel, 2007). This shows that SMEs have the potential to significantly contribute to the economy and offer a strong foundation for the development of new industries for the country's future development (Halme and Korpela, 2014).

In addition, Ayandibu and Houghton (2017) state that SMEs contribute to poverty reduction in the country. SMEs are usually located in geographical areas outside urban centres and thus have a positive impact in rural areas because they reduce poverty with the opportunities they bring to a community (Ayandibu and Houghton, 2017). According to Johnson (2015), SMEs are friendly entities that are more personalised than big corporations, which enables them to easily create and maintain good relationships with communities because they have the ability to offer specialised and personalised products and services for their communities (Rodgers, 2010a). Drawing from these authors, SMEs are portrayed as entities that can be measured by all their economic contributions. Nevertheless, they are not portrayed as entities that can be measured using responsible and sustainable management practices. There is limited literature that focuses on the environmental and social contributions of the SMEs. Furthermore, the literature about responsible and sustainable management is very limited in South Africa, especially literature focusing on these practices and South African SMEs. This, therefore, raises a question of where the SMEs are adopting responsible and sustainable management practices. The next section discusses the perceptions and challenges faced by SMEs in adopting and implementing responsible and sustainable management practices.

2.7. Perceptions of SMEs regarding responsible and sustainable management

Halme and Korpela (2014) state that responsible and sustainable management embraces external contributions by businesses to the sustainable development of their surrounding societies and the economy while promoting the internal growth of the companies. Furthermore, Johnson (2015) indicates that responsible and sustainable management practices help managers to engage with external stakeholders on sustainable development issues while monitoring and

evaluating internal development in their companies. The promising benefits from these practices encourage the implementation and improvement of stakeholder relationships.

According to Johnson (2015), the literature indicates that there are three major setbacks on the awareness, perception and adoption of these practices in SMEs. Firstly, SME managers have little knowledge of the programs and practices that are offered to promote social, economic and environmental sustainability. Secondly, there are few incentives in place by the government or market to inspire SMEs in the enhancement of economic, social and environmental practices (Jamali *et al.*, 2017). Thirdly, large companies design and implement the proposed practices. Academics stress that raising awareness of responsible and sustainable management tools in SMEs may be the greatest driver of their adoption. Johnson (2015) states that managerial and organisational characteristics are positively linked with the adoption of responsible and sustainable management practices (Giovannoni and Fabietti, 2013). Masurel (2007) states that the way in which an entrepreneur or manager sees the world and their own personal experiences of the world have an impact on their daily decision making processes. This, therefore, leads to the question of whether these managers are aware of and perceive these responsible and sustainable management practices. The family background plays a part since most of these small businesses are run by family members or have been passed on to family members over generations.

Avram and Kühne (2008) state that responsible and sustainable management practices have gained significant importance worldwide, although responsible and sustainable behaviour of corporations has a long history. However, responsible and sustainable management in SMEs has received little attention (Bos.Brouwers, 2010). The implementation of responsible and sustainable management tools can also be adopted through local support programs and small business networks, allowing members to implement tools under the consultation of experts and with other organisations acting as cooperative peers pursuing a common goal (Johnson, 2015). According to Masurel (2007), SMEs adopt responsible and sustainable management practices because these initiatives improve their profitability and these practices help them obey the law. However, the author highlights that there are major setbacks for the widespread diffusion and adoption of responsible and sustainable management initiatives.

2.8. Main Challenges faced by SMEs

Avram and Kühne (2008) state that most SMEs have knowledge of responsible and sustainable management practices that can benefit them. Scholars further indicate that this is leading to a great deal of research. Bos-Brouwers (2010) indicates that there are major differences in innovation processes between SMEs and big corporations. Furthermore, policies, theories, and practices are suited for large businesses and do not lead to successful results for SMEs. Big firms, as opposed to SMEs, usually implement these management practices owing to their size and ability to overcome challenges. According to Rahman, Ghani, Hamzah, and Aziz (2017), SMEs also face less pressure from external stakeholders about their responsibilities.

2.8.1. Financial constraints

Financial constraints are the main problem that SMEs face. Because of this, SMEs fail to hire people who will give them advice and they fail to invest in skill training activities for their employees (Gelbmann, 2010). SMEs are less likely to implement these practices due to their costs associated with these practices (Rahman *et al.*, 2017). SMEs entities without financial resources are critical on how they could implement responsible and sustainable management practices. Moreover, the growth and survival of SMEs in many countries depend on financial access because they have difficulty when it comes to accessing financial support especially from investors and commercial banks (Rodgers, 2010a). Nguyen (2016) agrees with the fact that SMEs have problems accessing financial capital; he indicates that the high-risk profile of these businesses shows information uncertainty regarding loan guarantee arrangements and collateral and they lack solutions for dispute resolution of property ownership in the events such as bankruptcy.

In South Africa, many SMEs venture into business with no stable financial resources. SMEs hardly ever get enough financial assistance from the South African government and the South African Venture Capital Association owing to the little money allocated to SMEs in the country (Hlatywayo, 2015). The lack of financial resources available to SMEs in the formal sector in South Africa is due to the country's economy experiencing challenges. This leads to financial institutions having no choice but to raise costs on lending capital, which further makes it hard for SMEs to borrow money (Masocha and Fatoki, 2018). Even when SMEs manage to access,

financial assistance it is difficult for them to manage the debts. Hlatywayo (2015) also states that because SMEs are entities without resources it is important how they adopt and implement responsible and sustainable management practices. Hlatywayo (2015) further indicates that SMEs who believe that they do not have sufficient money are unlikely to think positively about these practices. They also consider that the needed money, or money invested in the initiatives, cannot be recovered.

2.8.2. Inadequate human resources

Employees play an important part in the successful constructing and execution of responsible and sustainable management practices. Rodgers (2010a) states that the lack of adequate human labour usually causes failure to execute the practices. Lack of financial resources also means that SME owners are not able to employ and pay adequately highly skilled workers, produce quality products/services and carry out daily activities necessary for the growth of the business (Petts *et al.*, 1999). Bruwer and van Den Berg (2017a) state that SMEs have an issue when it comes to having qualified and capable employees in the organisation. A lack of formal Human Resource Management (HRM) practices in the firms can make it hard in dealing with the disengagement of employees. The role of human resource in SMEs is for administrative and primarily follows a top-down hierarchical approach, which is likely to affect the responsible and sustainable management practices negatively; therefore, these initiatives are easily ignored. In South Africa, the shortage of skilled workers is a problem for many organisations' stable operations. For SMEs to achieve responsible and sustainable objectives, a low level of employee perception can reduce the possibility of successful implementation (Oginni and Omojowo, 2016). Nguyen (2016) further argues that employees' abilities, commitment and motivation to support responsible and sustainable practices can be a tool for a proactive adoption of practices

2.8.3. Lack of management skills

Financial challenges affect responsible and sustainable management practices. Igbinakhashe (2017) states that the lack of managerial capacity results in the failure of the majority of SMEs in Africa. Lack of management skills entails that SMEs do not effectively understand the long-term benefits of engaging in responsible and sustainable management practices (Igbinakhashe,

2017). The lack of management skills refers to SME owners or managers not understanding the need and importance of training and development programs for their employees (Chibarabada, 2015). The management problems in SMEs include challenges resulting from the structure of the organisation and resource allocation issues, and managers' lack of knowledge of how to manage workers and the daily demands of the business. Lack of managerial skills are further seen as strategic constraints that include lack of ability in aligning business products and services with expectations of the business environment (Hlatywayo, 2015).

A weak strategic vision will affect the growth of the SME and it will hinder the ability of the firms to invest in responsible and sustainable management activities that may improve their performance (Jamali *et al.*, 2017). Moreover, due to the uniqueness of SMEs, owners and managers have to perform multiple tasks that call for managerial skills to maintain a balance between the daily business activities and responsible and sustainable activities. The SME owners and managers are usually the administrators of the organisations and they often lack the skills to manage and lead the firms. The lack of management skills also affects the type of engagements with other companies; the ability to engage with other firms requires great skills that assist owners and managers of SMEs with the ability to contribute and tap into the business ideas that emerge from responsible and sustainable management practices.

2.8.4. Lack of information and time

As discussed above, the lack of information is related to inadequate skills. Studies show that limited information on the importance of responsible and sustainable management practices makes it hard for SMEs to turn these initiatives into a competitive advantage (Halme and Korpela, 2014). Lack of information has badly affected the way SMEs implement these practices. Rodgers (2010a) states that SMEs are mainly concerned with the daily activities of the business; hence, they do not have time to look for useful information on how to sustain the business. In developing economies like South Africa, SMEs have limited information and knowledge of the target markets on product/service requirements and operation standards. This problem significantly affects SMEs' actions concerning their economic, social and environmental practices. Literature indicates that, although owners and managers of SMEs are

aware of environmental concerns, they have little knowledge about the expertise needed for formal practices in ensuring social and environmental sustainability (Masocha and Fatoki, 2018). Moreover, managers/owners of SMEs have a belief that responsible and sustainable management practices burden business and increase costs. Limited knowledge and information can result in a poor understanding of the practices and thus reduce their adoption. SMEs owners and managers usually focus on the daily activities of the business, which is why they do not have time to look for useful information on how to sustain and develop the business (Hlatywayo, 2015). These individuals normally juggle many activities, which leave them with less time to explore sustainable avenues for their organisations.

2.9. Conclusion

Organisations all over the world have adopted responsible and sustainable management practices. Reviewed literature shows that these practices have an impact on the performance of firms. However, a knowledge gap seems to exist when it comes to SMEs adopting responsible and sustainable management practices. It is vital for SMEs in Pietermaritzburg to also adopt these practices. The Ten Principles of the United Nations Global Compact make up accepted responsible and sustainable practices. Responsible and sustainable management incorporates various concepts like environmental responsibility, social responsibility, economic responsibility, business ethics, responsible leadership, corporate social responsibility and sustainable innovation. This chapter provided an insight into extant literature on the concepts of responsible management, sustainable management and SMEs in relation to the research objective of this study. This chapter also showed some key variables making up the concept of responsible and sustainable management practices. It also discussed the nature and importance of SMEs in South Africa and in the world economy. It presented the perception of SMEs regarding responsible and sustainable management and, lastly, four main challenges faced by SMEs in relation to responsible and sustainable management practices were discussed. The following chapter discusses the research methods that were adopted for this study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction

Chapter 2 provided the literature review of the study and the conceptual framework. This chapter will describe the research methodology used to gather data to accomplish the research objectives. The research methodology is regarded as ways of solving a problem in a systematically, a science of reviewing how the study is going to be generated. This is where the researcher follows procedures on how to go about their work of describing, explaining and predicting phenomena. Research methodology is a study of methods where information on a research problem is gained. Research methods for this study helped explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. This chapter gives a work plan for this study and how the research objectives were achieved.

3.2. Research Philosophy/Paradigm

Collins *et al.* (2007) state that research paradigms are a set of values, beliefs, and assumptions that a group of scholars has in common concerning the state and conduct of research. Research paradigms are said to be a community of researchers that have one culture of conducting research (Creswell, Clark, Gutmann, and Hanson, 2003a). There are a number of research paradigms that have developed and evolved concerning qualitative and quantitative research approaches. Recently there has been a development of the new research paradigm focusing on the mixed-method approach. This approach is composed of different research paradigms (Johnson, Onwuegbuzie, and Turner, 2007). It focuses on mixed-method research that falls under pragmatism philosophy. It is a useful philosophy that is well-developed for mixing perspectives and approaches (Collins *et al.*, 2007). It offers an epistemological justification. The paradigm evaluates the beliefs or theories in terms of success in practical application. This research used this paradigm to get a deeper understanding of responsible and sustainable management practices in SMEs in Pietermaritzburg. A pragmatic approach gives less influence to assumptions for the conduct of research methods. By doing this, researchers are less restricted in terms of how they can carry out research. Johnson and Onwuegbuzie (2004) state that the pragmatism considers “what works” to answer research questions rather than making a choice between the positivist/postpositivist or constructivist paradigms. It is evident through literature that many SMEs are not adopting these practices, and this paradigm helps with getting

the beliefs from individuals who participated in the study. The research philosophy helped the researcher to answer the study objectives.

3.3. Research Approach

The research approach comprises of two broad approaches, namely, qualitative and quantitative. There is also a combination of both these approaches, which is commonly known as mixed-method research (Collins *et al.*, 2007).

Qualitative approach: This is used to get data concerning the existing status of phenomena and to define conditions in a situation (Neuman, 2014). This approach does not involve numbers but uses qualitative data for in-depth descriptions.

Quantitative approach: Sekaran and Bougie (2016) indicate that quantitative data involves statistics that use numerical estimates. It is usually used for comparing, describing and connecting features. This approach is for getting a clear understanding of the situation in which the respondents act and their actions being influenced by the situations they are in (Bell, 2014).

Mixed methods approach: The third wave of research approach; it combines both the qualitative and quantitative research approaches in one study (Collins *et al.*, 2007). It uses at least one qualitative method and one quantitative method to get more elaborated information (Creswell and Creswell, 2017). The study used this approach because it would benefit from both the research methods. In addition, the mixed-method approach assisted in getting deeper perceptions of responsible and sustainable management practices in SMEs while boosting acceptability, reliability, and validity of the results (Creswell *et al.*, 2003a). This approach gives more evidence to the problems being investigated and the ability to understand the interplay between variables of the study. The main aim of this study was to explore whether SMEs in Pietermaritzburg are adopting responsible and sustainable management practices in their organisation. The mixed-method research design helped the researcher by providing more than one source of data in order to ensure confirmation of the results regarding the adoption of responsible and sustainable management practices.

3.4. Research Design

A research design is said to be a plan, structure and investigation strategy to get answers to research questions. It is the complete scheme of the project (Kothari, 2004). It provides an outline of what the researcher will do from the writing of hypotheses to the final stage of data analysis. The researcher adopted an exploratory research design for this study. This type of research design was carried out because of the limited information about the matter being investigated. The main goal of this research was to explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg. According to Neuman (2014), exploratory studies are an important way of gathering information about what is happening, in search of new insights, looking at a phenomenon with a new perspective. The exploratory research design was chosen because it focuses on an area where there is limited research.

This is a mixed-method design, which is a plan for scientifically hard research that is made of both the core components of qualitative and quantitative designs. An exploratory sequential design was used. According to Creswell and Creswell (2017), this design shapes the data collection. The researcher first collected the qualitative data that would inform the quantitative data. The chosen design explored the phenomenon by gathering qualitative data and then gathering the quantitative information that would explain the relationships found in the qualitative data. This gave the researcher an understanding of the study objectives. According to (Creswell *et al.*, 2003a), this type of study adds credibility and validity to results. This approach helped the researcher to utilise qualitative and quantitative methods. Fetters, Curry, and Creswell (2013) indicate that the researcher will have a high chance of getting fair results when the other compensates for combining the two methods because the strength of each method is used and the weaknesses of either method.

The mixed-method approach used in this study is called the exploratory sequential mixed methods design. The figure below shows how data collection, data analysis and data presentation was done through two phases. This design was chosen because it allowed the researcher to understand the relationship between the two data sets, by integrating them.

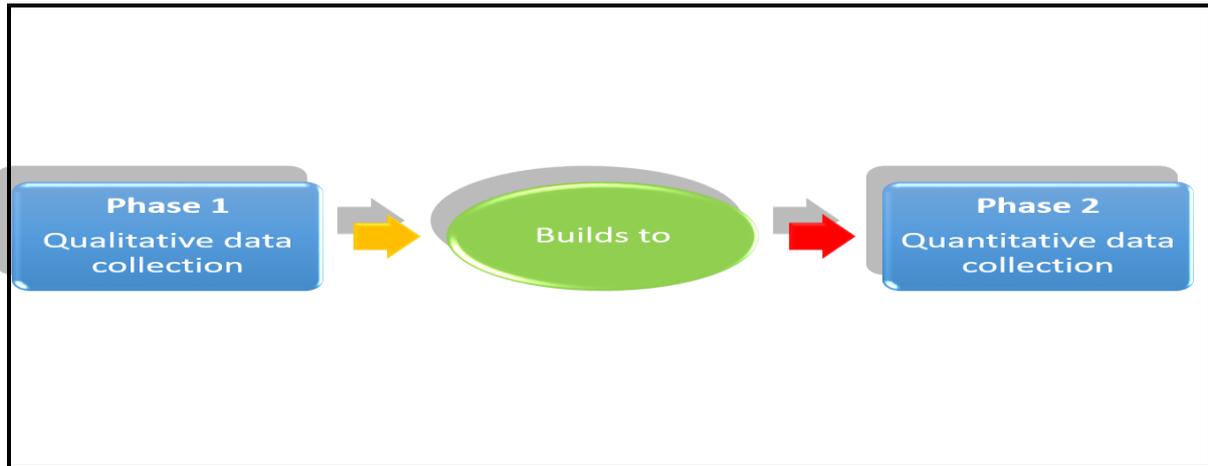


Figure 3.1: Exploratory Sequential Mixed Methods Design

Source: Creswell and Creswell (2017)

Collins *et al.* (2007) state that the Exploratory Sequential Mixed Methods Design begins by collecting and analysing qualitative data, as the first phase. The results from this phase are used as variables to create questions for the second phase. In other words, the qualitative data was used to inform the quantitative data to be collected by creating the questions of the questionnaire using the data from the in-depth interview insights. This allowed the researcher a chance to test the data on larger sample size (Creswell and Creswell, 2017). In this study, the design allowed the researcher to understand the relationship between the two data sets, by integrating them. The approach gave more evidence to the problem of SMEs adopting responsible and sustainable management practices. It also gave the researcher the ability to understand the interplay between the study variables.

3.6. Target Population

The target population is said to be the group of individuals that the researcher requires information to find answers for the research questions, or people appropriate for consideration in the study (Bell, 2014). It is important to understand the characteristics of the target population because it reduces the problems associated with the quality of data, research cost and response rate (Neuman, 2014). The research population consisted of 122 registered SMEs at the Msunduzi Municipality (Katambwe, 2017). The database from the Msunduzi Municipality was used because it allowed the researcher to locate and identify the participants

for the research. The target population of the study was the SME owner/managers of SMEs. They were the respondents in the research.

3.7. Sampling Design

A sample is said to be a small group from the target population where the data will be collected (Bell, 2014). It looks at the procedures that will be adopted by the researcher in selecting items for the sample (Ritchie, Lewis, Nicholls, and Ormston, 2013). This study looked at SMEs that are in Pietermaritzburg under the Msunduzi Local Municipality

3.7.1. Sampling Method

Collins *et al.* (2007) indicate that qualitative and quantitative researchers can use 24 recognized sampling schemes. The sampling schemes can fall two major classes under random sampling and non-random sampling. The probability sampling is where individuals in the population have an equal chance of being chosen (Sekaran and Bougie, 2016). However, the non-probability method is where the chances of individuals from the population being chosen are not known (Walliman, 2017). The convenience sampling (nonprobability sampling) technique was used in this research to identify participants for both the in-depth interviews and the questionnaire survey. This sample design enabled the researcher to gather useful information in a relatively fast and inexpensive way. It further provided assistance to the researcher on how to select participants who would be participating in the study, participants that were not too far from the researcher in order to cut costs.

3.7.2. Sample Size

Collins *et al.* (2007) state that the sample size for research indicates the selected number of participants. For this study, the researcher considered qualitative and quantitative methods because of the mixed-method approach chosen. The research population consists of 122 SMEs registered under the Msunduzi Municipality. A sample calculator was used to calculate the needed number of SMEs for both the qualitative and quantitative data to represent the entire 122 population. The sample calculator was used in research to find the confidence interval and the confidence level (Walliman, 2017). The sampling calculator was used because it used to find confidence interval (also called margin of error) and the confidence level in research study (Walliman, 2017). From the 122 SMEs registered under the Msunduzi Municipality in

Pietermaritzburg, the SME owners/managers made up the sample size of 93 SMEs. This was generated for the study with a 95% confidence level. The sample of this research included the SME owners/Managers in Pietermaritzburg. The research adopted the mixed methods approach. Therefore, the research sample was distributed into two for the qualitative and quantitative data because the researcher had to meet the requirement of the exploratory sequential mixed methods design. The design requires that the participants should be from the target population. This allowed the researcher to get in-depth information on the subject matter and then test the results on a bigger scale using questionnaires. Table 3.1 below shows a breakdown of the sample size.

Table 3.1: Sample and data collection method

Participants	Type of data collection	Sample number	The phase of Primary Data Collection
SME owners /Managers	In-depth interview	10	Phase 1
SME owners /Managers	Survey questionnaires	83	Phase 2
Total		93	

Source: Author’s own compilation.

3.8. Data Collection

Data is the collected information that is gathered from the assessed subjects, the process of gathering the information being called data collection (Ritchie *et al.*, 2013). The researcher obtained information from SME owners /managers in the Msunduzi Municipality to meet the mixed-method approach that was chosen. This research used primary data. The data was gathered using two research instruments: in-depth interviews and a questionnaire. The in-depth interviews were conducted with the participants for the research. This helped the researcher in gathering detailed first-hand data (Walliman, 2017). The questionnaire was used because it is the best way of collecting data from a wider range of participants in an exploratory study (Fetters *et al.*, 2013).

3.8.1. Qualitative data collection

3.8.1.1 In-depth interviews

In-depth interviews were used to gather insightful information on the subject. The researcher conducted them. This provided assistance to the researcher by receiving first-hand information from the entrepreneurs on the subject being investigated (Sekaran and Bougie, 2016). The aim of the researcher was to conduct ten in-depth interviews with entrepreneurs. The researcher used the convenience-sampling technique, as the participants for this study were easily available within the proximity of the researcher for in-depth interviews. The list from the Msunduzi Municipality of SMEs in Pietermaritzburg provided enough information for the researcher to conveniently select participants that were close and willing to participate in the study. Semi-structured in-depth interviews were fitting for this research as they provide a deeper understanding of the respondents' views on the subject (Bell, 2014). This allowed participants to express themselves in their responses without the prompting of the researcher. In-depth interviews were used because they are an easy way of gathering data and they allowed the researcher to probe to get a deeper understating of the subject area. The in-depth interviews also allowed new questions to emerge during the interviews. These new questions were important to the research because they enriched the study. The researcher manually recorded the interviews and the transcripts were later combined for theme analysis.

The researcher conducted an in-depth interview with the entrepreneurs. The interviews took 20-30 minutes each and the researcher wrote down the responses. The interview was structured in a way that gathered background information, business profile, and responsible and sustainable management practices that were important for the study. The in-depth interviews were conducted to get an in-depth understanding of the respondent's perceptions.

3.8.1.2 Structure of in-depth interview guide

In-depth interviews were used to collect primary data because they afford the researcher the opportunity to get deep insights and a thorough understanding of a research topic (Ruhl, 2004). The interview guide was designed based on issues discussed in the literature review chapter. The in-depth interview guide had seven sections designed to draw insights from participants.

The study used five variables (responsible and sustainable management perceptions, drivers, implementation, challenges, and strategies) to get insights.

As stated above the in-depth interviews were conducted to gather primary data because they allowed the researcher to get a deep understanding of the research topic (Ruhl, 2004). The insight drawn from the literature review were used to create an interview guide.

Section A: This section looked at the background information of the entrepreneurs with three questions tailored to understand the age category, the gender of the participants and to understand their highest educational qualification.

Section B: This part looked at the business profile of the sampled SMEs in the Msunduzi Municipality, Pietermaritzburg. This section also had three questions that focused on how long the business has been operating, the sector that the SMEs fall under and the number of employees the business has.

Section C: This section focused on the entrepreneur's perceptions of SMEs about responsible and sustainable management practices. It had two questions: the first looked at what the entrepreneurs understand by responsible and sustainable management practices and the second looked at perceptions towards responsible and sustainable management practices in SMEs.

Section D: This section focused on whether the SMEs were implementing responsible and sustainable management practices and how they went about it. The section looked at who makes decisions concerning responsible and sustainable management practices, and whether they consulted stakeholders on decisions. The section also looked at whether the ways SME owner/managers implement responsible and sustainable management initiatives were achieving the intended results.

Section E: This section focused on exploring the challenges SMEs face when they engage in responsible and sustainable management initiatives. The section looked at the types of

challenges and external forces that impact on the successful implementation of responsible and sustainable management activities.

3.8.2. Quantitative data collection

3.8.2.1. Survey questionnaire

The questionnaire was chosen as a data collection instrument because it allowed this research to get information from a bigger range of respondents than any other given collection instrument (Kothari, 2004). A questionnaire is said to be a formalized instrument with questions that are used to gather information from participants (Sekaran and Bougie, 2016). The in-depth interview findings provided information for the design of the questionnaire. The researcher personally distributed 83 questionnaires to managers/supervisors. The respondents were selected from the list that was provided by the Msunduzi Municipality. The list of SMEs included the contacted details that the researcher used to contact the individuals for availability. Some individuals on the list indicated that they were no longer SME owners /Managers and while others stated that, the SMEs were shut down. This, therefore, led to the researcher having to aim for at least 83 participants out of 122 for quantitative data collection.

The researcher personally distributed the questionnaires to the participants because it was a convenient way of administering questionnaires and it is cheap. The researcher hand delivered the questionnaires to the participants because this has a high chance of getting the desired results for research (Sekaran and Bougie, 2016). Hand delivery gave the researcher a chance to administer the questionnaires and it motivated participants to take part in the study.

3.8.2.2 Structure of questionnaire

The researcher used a single questionnaire to gather data from SME owners/managers. There were no open-ended questions, but participants got closed-ended questions. They had prewritten responses to choose from. It consisted of three sections:

Section A: This section focused on the participant's personal information. It looked at age, gender, and highest educational qualification. According to (Neuman, 2014) these attributes are important in establishing and managing a business.

Section B: This part of the questionnaire looked at the business profiles of SMEs. It included the number of years the business has been operating, the sector, which it falls under, and the number of employees in the business.

Section C: This section focused on the objectives of the study. The four main variables are the awareness and perception, drivers, implementation and challenges of responsible and sustainable management practices. The questionnaire used a Likert scale, which sums up all the responses into Likert items. A Likert scale is a tool that is used to measure the degree to which respondents agree or disagree with a certainly given statement (Sekaran and Bougie, 2016). The questionnaire used the Likert scale, which summed up the responses into Likert items. The participants were given a statement and five Likert item options to choose from "Strongly Disagree, Disagree, Neither Agree nor Disagree, Agree, Strongly Agree" (Bell, 2014). Each level was given numerical coding ranging from one to five respectively. The Likert scale was chosen because it is an orderly scale from which participants choose the option that best supports their opinion. It was used to measure the participant's attitude by measuring the extent to which they agree or disagree with a question or statement. The Likert scale's main advantage is that it is used universally to collect data, which means people can easily understand it. Furthermore, working with it as a form of quantitative data, it is easier for a researcher to draw conclusions, gain results and give reports and graphs from it (Li, 2013).

3.9. Data quality

Data quality in a research proposal looks at the tools that will be used in the research to measure the needed variables correctly (Ritchie *et al.*, 2013). For this study, the researcher tried to address and pay attention to the validity and reliability during the designing of and throughout the research. Validity looks at the level of how the research instrument examines what it is required to achieve (Sekaran and Bougie, 2016). This research looked at the content validity, which focuses on the appropriateness of the content of the study instrument (Kothari, 2004).

An expert in the field of responsible and sustainable management assessed the semi-structured interview guide and questionnaire for content validity.

3.10. Data Analysis

Data analysis focuses on collected data with the interest of making needed decisions to analyse the given information to produce the required results. Data analysis involves investigating primary data with the aim of understanding the problem that is being researched (Kothari, 2004). It is said that qualitative data analysis is a non-mathematic procedure that is used to analyse people’s words, behaviour, and beliefs (Bell, 2014).

3.10.1 Qualitative Data Analysis

The researcher recorded and wrote down in-depth interviews for interpretation. This qualitative data was then transcribed and summarised to recognise themes related to the study objectives. Here the researcher used thematic analysis to analyse the in-depth interviews. Ruhl (2004) states that thematic analysis consists of an in-depth reading of the gathered data, identification of key focus areas and then putting information into categories for a conclusive analysis. When analysing this information six steps are followed. These steps are displayed bellow in Braun and Clarke’s six-phase framework for doing a thematic analysis:

Table 3.2: Braun and Clarke’s six-phase framework for doing a thematic analysis

Step 1: Become familiar with the data	Step 4: Review themes
Step 2: Generate initial codes	Step 5: Define themes
Step 3: Search for themes	Step 6: Write up

Source: Author’s own compilation.

3.10.1.1 Data analysis technique: Thematic Analysis Steps

Step 1: Become familiar with the data

Step 1 in any qualitative analysis is reading and re-reading the transcripts. The researcher needs to be very familiar with the entire body of data or data corpus (Maguire and Delahunt, 2017).

While reading the interviews the researcher was making notes and jotting down early impressions.

Step 2: Generate initial codes

In this phase, the researcher started to organise the data in a meaningful and systematic way. Coding reduces many data into small chunks of meaning. There are different ways to code and the method will be determined by the perspective and research questions (Maguire and Delahunt, 2017). The researcher was mainly concerned with addressing specific research questions and analysing the data. Therefore, the researcher coded each segment of data that was relevant to or captured something interesting about, research questions. Codes were regarded as important because they were repeated in several places in the interviews, like relevant words, phrases, sentences, and sections.

Step 3: Search for themes

In step 3, the researcher decided which codes were most important, and created categories by bringing several codes together. This was done by going through all the codes that were created in step 2. Important codes were kept and grouped together to form themes. A theme is a pattern that captures something significant or interesting about the data or research question. According to Braun, Clarke, Hayfield, and Terry (2019), there are no hard and fast rules about what makes a theme. A theme is characterised by its significance. At the end of this step, the codes had been organised into broader themes that seemed to say something specific about this research question. The themes were predominately descriptive; they described patterns in the data relevant to the research question.

Step 4: Review themes

The focus of step 4 is to label categories and decide which are most relevant, and how they are connected to each other. During this step, the researcher reviewed, modified and developed the preliminary themes that were identified in step 3 (Maguire and Delahunt, 2017). It was useful for the researcher to gather all the data that was relevant to each theme. Furthermore, the data associated with each theme identified was color-coded (Maguire and Delahunt, 2017).

The researcher read the data associated with each theme and considered whether the data really did support it, and looked at whether themes worked in the context of the entire data set.

Step 5: Define themes

In step 5, the researcher makes the final enhancement of the themes and the aim is to recognize the essence of what each theme is about (Braun *et al.*, 2019). In this step, the researcher had to decide if there was a hierarchy in the themes, whether if one theme is more important than the other. Lastly, the researcher drew a figure to summarize the result.

Step 6: Write up

Step 6 is the last step of thematic analysis, the end-point of this research is a dissertation

3.10.2. Quantitative Data Analysis

This study used questionnaires to collect quantitative data, which was analysed using numerical procedures. A statistical tool was used to interpret and analyse the questionnaires for effective results. Therefore, this research used the Statistical Package for Social Science (SPSS) version 25. This software was chosen because it was available to the researcher, it allowed the researcher to capture, analyse and present the data using descriptive and inferential statistics. Before the analysis began, the researcher had checked for errors in the questionnaire through a pilot test/pre-test mentioned below. SPSS was used to perform statistical analysis of the data collected from the survey questionnaire forms. The methodologies used were descriptive statistics, scale reliability analysis and factor analysis.

3.10.2.1. Descriptive statistics

Descriptive statistics was used in this research to present and describe data (Johnson and Onwuegbuzie, 2004). The study used descriptive and inferential statistics to analyze responses for each research objective. The researcher presented results in tables and figures for easy reference. To profile the participants' responses and to present the findings the study used frequencies. The researcher used bar charts, pie charts, bar graphs, and histograms to present results because all the constructs had different classifications.

3.10.2.2. Inferential analysis

Inferential analysis are techniques that allow us to make inferences about a population based on data gathered from a sample. It is a deductive analysis of data drawn from a population of the study. It is mainly concerned with the accuracy and consistency of results of data (Lowry, 2014). The study used Factor Analysis as an inferential analysis of research responses. Factor analysis analysed the factors affecting the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal.

Factor Analysis

Factor analysis is a method used for data reduction purposes. The basic idea is to represent a set of variables by a smaller number of variables, which in this case are called factors (Walliman, 2017). According to Lowry (2014), factor analysis is designed for interval data, although it can also be used for ordinal data such as scores assigned to Likert scales. The variables used in factor analysis should be linearly related to each other. Factor analysis is the procedure, which is used by researchers to organize, identify and minimize big items from the questionnaire to certain constructs under one dependent variable in research (Lowry, 2014).

The KMO test was done to detect whether the data is suitable for factor analysis.

KMO and Barlett's Test

The Kaiser-Meyer-Olkin Measure was used to test sample adequacy of the analysis being conducted. According to Yong and Pearce (2013), the Kaiser-Meyer-Olkin Measure test is conducted to demonstrate the proportion of variance in the variables that might be because of underlying factors. Values that are less than 0.50 shows that the data extracted is or will not be useful (Sekaran and Bougie, 2016). Additionally, Yong and Pearce (2013) state that Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which suggests that the variables are unrelated and for that reason, unsuitable for structure detection. If the values are less than 0.05 of the significance level, it indicates that factor analysis may be useful with the data.

Total Variance Explained

The total variance explained is composed of three main components. The components are: the initial solution, extracted components, and rotated components. The first component is the Initial Eigenvalues (Roberts, Monaco, Stovall, and Foster, 2011). This column displays the percentage variance accounted for each factor and their corresponding cumulative percentages. The extraction sum of square loadings displays the number of factors that are to be retained. The factors retained are to account for at least 60% of the variance. Factors retained have a variance or eigenvalue of 1 or >1 (Sekaran and Bougie, 2016). The rotation sums of squared loadings show the variance distribution after the varimax rotation (Bell, 2014).

Rotated Component Matrix

The rotated component matrix is a method that aims to find what the components represent. It displayed the variables loading on each factor with their corresponding values. Variables loading with higher values make up the factors (Walliman, 2017). The rotated component matrix method was a crucial step in conducting a factor analysis because it helped group common variables to create one common factor. This method was used to form variables that made up the influencing key factors.

Scree Plot

The scree plot is a presentation of the eigenvalue against the factors in descending order. According to Yong and Pearce (2013), the scree plot is used to visually assess which factors express more variability in the data. The number of factors determines the shape of the plot. Ritchie *et al.* (2013) state that the plot has a well-defined break linking the steep slope of factors, with higher eigenvalues and lower eigenvalues. In this research, the scree plot was used to break down and display the key influencing factors in the study.

3.11. Pilot Testing

Pilot testing was very important for the qualitative phase of the study. The interview questions were tested for reasonable trustworthiness. Kothari (2004) states that a pilot test helps to test the research instruments on a much smaller research sample to check how the participants react before the actual study is conducted. This pilot test comprised of three in-depth interview

questions conducted with eight SME owners-managers. Furthermore, the participants in the pilot study were from the list provided by the Msunduzi Municipality. The results the pilot study can be viewed in table 3.2.

Table 3.3: SME owners/Entrepreneurs in Pilot Study phase 1

Theme question	Number of participants interviewed	% frequency of response	Comment
Perceptions of the SMEs adopting responsible and sustainable management	3	60	Reasonable trustworthiness
Implementation of responsible and sustainable management practices	3	85	Reasonable trustworthiness
Challenges experienced by the SMEs in adopting and implementing responsible and sustainable management practices	2	85	Reasonable trustworthiness
Total number of participants	8		

Source: Author's own compilation.

Based on the frequency of responses, two of the questions scored within range of 85% of reasonable trustworthiness and 1 scored with 60% of reasonable trustworthiness. Therefore, based on this result the qualitative research instrument (interview guide) was adjusted accordingly. Sub-questions (follow-up) to allow in-depth questioning and content mining on the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal.

3.12. Reliability

Reliability refers to the level of producing consistent results from the measuring instruments by testing it multiple times (Kothari, 2004). In this study, a pre-test, which is, also the pilot study mentioned above was important to test the reliability of the instruments and to see if the intended responses had been produced. To further ensure reliability, the study instruments were written in English because this language is mostly used all over in the business world. The researcher wrote down every interview question and to avoid misinterpretations, the

interview questions were worded carefully. Statistical analysis was also conducted by a statistician expert in the field to measure three constructs that are identified in the survey questionnaire (Walliman, 2017). Scale reliability analysis aims to find if the questionnaire items in the different constructs stand reliable to address the objectives of the research. This study used Cronbach's Alpha statistic to measure the reliability of the questionnaire. Moreover, for a research tool to be considered reliable, it has to have a Cronbach's Alpha value of at least 0,700 (Walliman, 2017) and the statistical analysis results indicated a high consistency of 0.710 which is considered reliable for the study.

3.13. Conclusion

The main objective of this study is to explore the adoption of the Responsible and Sustainable Management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. This chapter presented the research methodology used for this study. It highlighted critical research elements such as research philosophy, research design, research population, sample size, sample technique, data collection methods, and data analysis. The chapter outlined how the study dealt with reliability and validity issues. It also discussed the pre-testing of research instruments and how the study addressed ethical issues. The following chapter presents and interprets the empirical results.

CHAPTER 4: PRESENTATION OF RESULTS AND DISCUSSION OF FINDINGS

4.1. Introduction

The previous chapter described the research methodology used to gather data to accomplish the research objectives. This chapter provides a presentation and interpretation of the results obtained from gathering data using the mixed method approach called exploratory sequential design. The data was collected from individuals who own SMEs in Pietermaritzburg, KwaZulu-Natal. The researcher aligned the research objective to explore the adoption of responsible and sustainable management practices by the SMEs in Pietermaritzburg, with the presentation and interpretation of the data in this chapter. Furthermore, this section is divided into four sections. Firstly, it presents profiles of the demographic results of all the participants (both in-depth interview and questionnaire participants combined). Secondly, it provides qualitative results and, thirdly, it presents the quantitative results. Thirdly, the summary of findings. Lastly, gives the discussion of research findings in line with reviewed literature in Chapter 2 and the research objectives.

4.2. Response Rate

Table 4.1 shows the response rate.

Table 4.1: Response Rate

The phase of Primary Data Collection	Participants	Type of data collection	Sample number	Responses	Response Rate
Phase 1	SME owners /Entrepreneurs	In-depth interview	10	8	80%
Phase 2	SME owners /Entrepreneurs	Survey questionnaires	83	83	100%
	Total		93	91	97.8%

Source: Author's own compilation.

The study adopted a mixed-method technique called exploratory sequential mixed methods design, which divided the sample into two. The target sample for this research was 93, where the first phase of the study required 10 participants to take part in an in-depth interview. In addition, the second phase of the research required 83 participants to participate in the questionnaire survey.

The researcher made ten (10) appointments for in-depth interviews with individuals who have SMEs in Pietermaritzburg. This was for the first phase of the research; the response rate was 8 making it 80% for the qualitative data collection. This good response rate was because participants were eager to engage with the researcher. Moreover, this attributed to the nature and objective of the research. The target sample for phase two of the research was 83. The researcher handed out 83 questionnaires to entrepreneurs in Pietermaritzburg and they all returned the questionnaires to the researcher. The response rate for the second phase was 100% because the questionnaires were hand-delivered and took less than 10 minutes. The participants did not mind answering and returning the questionnaires to the researcher.

4.3. Section A: Demographic profile of participants

This section presents the demographic results from the data gathered from both the interviews (Phase1) and questionnaires (Phase 2). These are demographic characteristics of the SME owners/managers of small and medium-sized enterprises in Pietermaritzburg, KwaZulu-Natal was ascertained to establish the current profile of the respondents. Demographic results look at the background information retrieved from 91 respondents. It focuses on their age, gender, level of education, years they have been operating their business, the business sector they are in and the number of employees in their organisation.

4.3.1. Age

Figure 4.1 shows that most participants, which is 46.15%, belong to the 18-30 year category. The 30-49 category followed with 32.97% and the lowest age category was 50 years and above, with 20.88%.

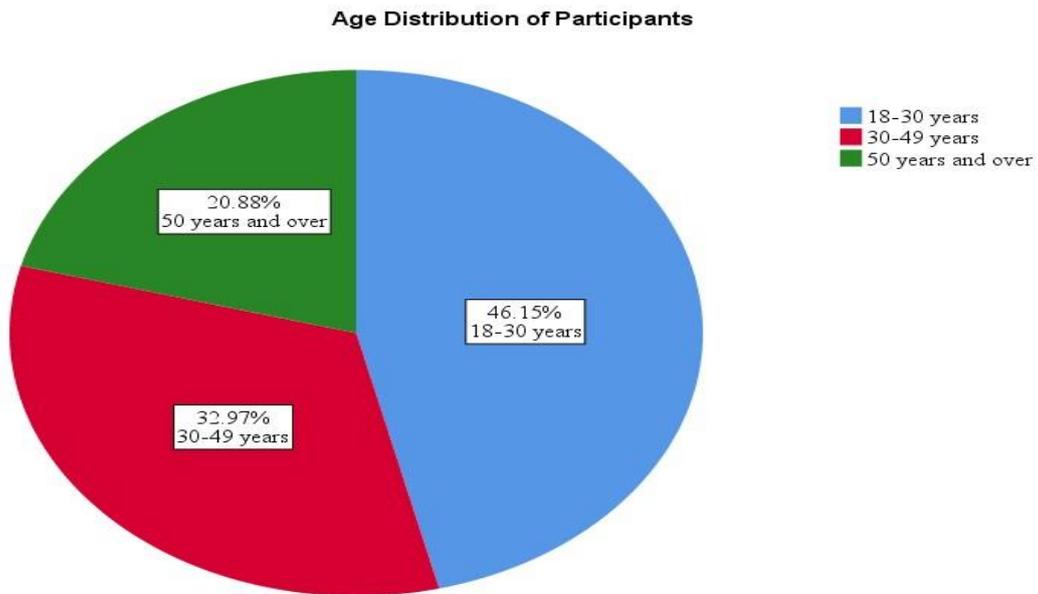


Figure 4.1: Age distribution

Source: Author's own compilation.

This displays the fair age distribution for the research. The above figure shows the age distribution of the participants given in the form of a pie chart.

4.3.2. Gender

Figure 4.2 below presents the gender distribution of participants

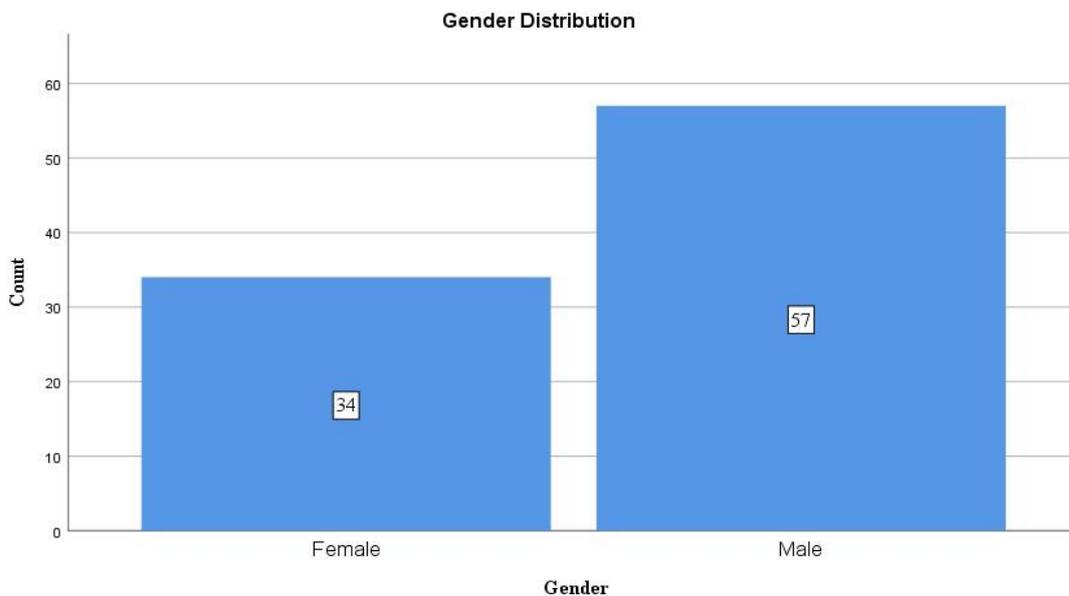


Figure 4.2: Gender Distribution of Participants

Source: Author's own compilation.

57 male participants dominated the research and 34 female respondents participated in the study. The gender distribution of the study is fair because the research aimed to draw insight from a wide and balanced gender distribution.

4.3.3. Highest educational qualification

The level of education of participants are is shown below

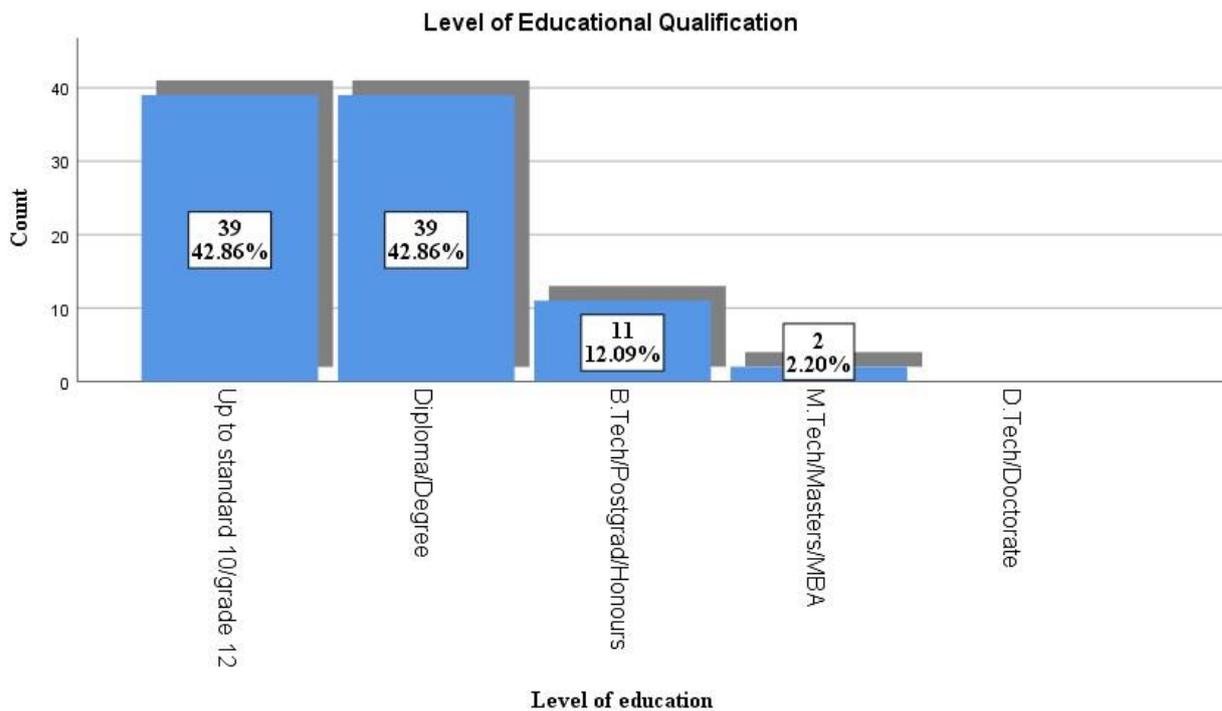


Figure 4.3: Educational Level of Participants

Source: Author’s own compilation.

Figure 4.3 shows the results of the educational level of participants in the study. There were 39 participants who studied up to grade 12 and the same number of participants have a diploma/Degree. This makes most of the participants. While 11 participants have their B.Tech/Postgrad/honors and only 2 have M.Tech/Masters/MBA, no participants studied up to the level of D.Tech/Doctorate.

4.3.4. Years of operating business venture

The figure below shows the number of years the SMEs have been operating

Years of business operation

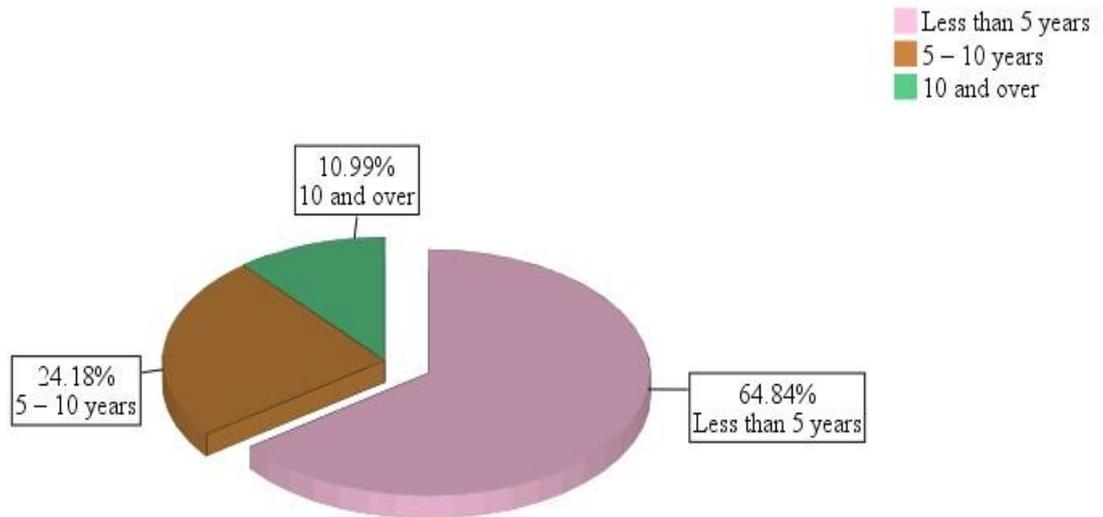


Figure 4.4: Years of operating SMEs

Source: Author's own compilation.

The results in Figure 4.4 show that the majority of participants have been operating their businesses for less than 5 years, while 24.18% of participants have been in business for 5-10 years. Lastly, 10.99% of participants indicated that they have been operating their businesses for 10 years and more.

4.3.5. Industry sectors

The industry sectors of the SMEs that participated is presented below

Table 4.2.: Industry Sector

Business Sector	Frequency	Percent %
Agriculture	5	5.5
Mining	2	2.2
Manufacturing	2	2.2
Electricity, gas & water	1	1.1
Construction	13	14.3
Trade & Accommodation	3	3.3

Transport & Communication	5	5.5
Finance & Bus. Services	6	6.6
Community	7	7.7
Other	47	51.6
Total	91	100.0

Source: Author's own compilation.

Table 4.2 shows that 51.6% of the participants fall under other sectors that were not specified on the guide and they did not state which sector they belonged to, while 14.3% of the respondents were from the construction sector. The table indicates that 7.7% of participants were from the community sector and 6.6% were from the finance and business service sector. The agriculture and transport & communication sector had 5.5% of respondents. Furthermore, the trade and accommodation sector had 3.3% while both the mining and manufacturing sector had 2.2% of respondents. Lastly, the participants of the electricity, gas and water sector were 1.1%.

4.3.6. People employed by the organisation

The results of the number of people employed by the SMEs that participated are given below

Number of people employed by the organisation

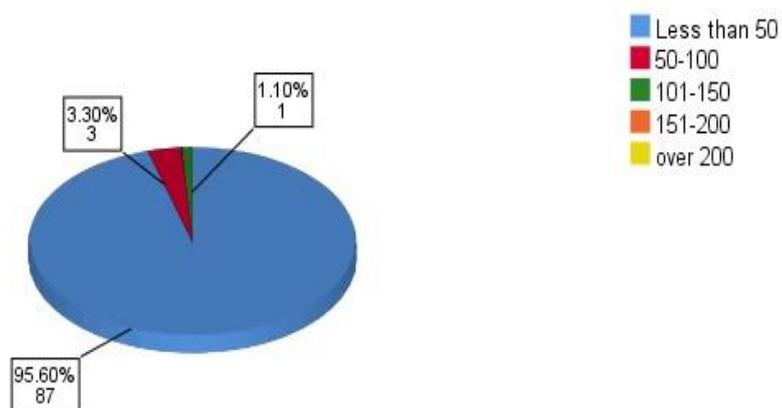


Figure 4.5: Number of people employed

Source: Author's own compilation.

The results in Figure 4.6 show that 95.60%, which is the majority of participants, have less than 50 employees while 3.3% of the respondents have 50-100 employees in their organisation. Moreover, 1.10%, which is only one participant, had 101-200 employees and no participants had over 200 employees.

4.4. Section B: Qualitative results

The following section will present the qualitative insights that were derived from the in-depth interviews that were conducted by the researcher. The researcher used a thematic analysis to get insights from qualitative data and therefore various variables arose.

The themes that emerged are discussed according to the research objectives.

4.4.1. SME perceptions and awareness

Research Objective 1: *To explore the perceptions of SMEs about responsible and sustainable management*

The main aim of Research Objective 1 was to explore the perceptions of SMEs regarding responsible and sustainable management. Table, 4.3 presents identified themes from the qualitative data analysis.

Table 4.3.: Main themes on SME perceptions of responsible and sustainable management practices

Number of Themes	Themes	Frequency Response Rate
1	Taking care of the environment	8
2	Considering the communities surrounding the business	4
3	Charity work	8
4	Taking care of employees	5

5	Initiatives for business to adapt to the changing world	5
6	Meeting customer needs	8
7	Not responsibility for SMEs but practices for big businesses	6
8	Activities that build a relationship with customers, surrounding community and employees.	3

Source: Author's own compilation.

The results indicate that the participants have different perceptions concerning responsible and sustainable management practices. As shown in Table 4.3, ten themes emerge from 8 respondents that participated in the in-depth interview for this study. The results indicate all the participants associate responsible and sustainable management practices with taking care of the environment, charity work and meeting customer needs. The table also shows that 6 respondents perceive responsible and sustainable management practices as practices for big businesses and not responsible for SMEs. For example, participant 3 indicated that:

Responsible and sustainable management practices are for big companies that can afford to participate and implement the initiatives. But small-medium enterprises do not have the finances and proper knowledge for the activities.

Furthermore, the results show that 5 participants understand responsible and sustainable management practices as initiatives for businesses to adapt to the changing world and taking care of employees. For example, respondent 6 stated that:

My understanding of responsible and Sustainable Management practices are the approaches employed by any business that is adaptable to the changing world that will not hinder the development and well-being of the workers. Approaches that allow the business to grow without compromising the intergenerational well-being. Approaches that will sustain the three pillars of development, concurrently by adhering to the laws that protect and develops people's well-being.

The results also indicate that 4 participants associate responsible and responsible management practices with considering the communities surrounding the business. For example, participant 5 stated that:

I think responsible and sustainable management practices focus on improving the lives of the communities that are struggling and surrounding the business.

Furthermore, respondents 2 stated that responsible and sustainable management practices are initiatives that improve the organisation’s image. Participant 2 indicated that:

Responsible and sustainable management practices help organisations to get customers because of their involvement in the community and they also improve a company’s image

4.4.2. Implementation of RSM

Research Objective 2: *Investigate how SMEs are implementing responsible and sustainable management practices*

The focus of Objective 2 was to investigate how SMEs in Pietermaritzburg are implementing responsible and sustainable management practices. Themes that emerge are presented in Table 4.4.

Table 4.4.: Themes on the implementation of responsible and sustainable management practices

Number of Themes	Themes	Frequency Response Rate
1	Practices are not implemented	5
2	Consult with stakeholders, especially customers	3
3	The owner of the SME makes the decision on responsible and sustainable management practices	8
4	Involve employees	3

Source: Author’s own compilation.

Four themes emerged from objective 3, which aimed to investigate how SMEs in Pietermaritzburg are implementing responsible and sustainable management practices. All the respondents indicated that they (the owners of the SMEs) make the decisions on responsible

and sustainable management practices, while five respondents stated that the practices are not really implemented by the organisation. Respondent 1 and 7 stated that:

There aren't any decisions of responsible and sustainable management practices taken in the company

The reason would be that none of the responsible and sustainable management initiatives are taken in the company because of it being in the initiation and planning phase.

Moreover, three participants indicated that they consult with stakeholders, especially customers when they are making decisions in connection with responsible and sustainable management practices. The same number of respondents stated that they involve their employees in the decision making of the practices. Respondent 8 indicated that:

I do consult with employees before I make decisions, I think it is important to understand their situations and how I would help in improving their skills for better job performance

The findings show that the majority of SMEs are not implementing responsible and sustainable management practices and others have different ways of implementing the initiatives

4.4.3. SME challenges

Research Objective 3: *Explore the challenges experienced by SMEs in implementing responsible and sustainable management practices*

The main purpose of Research Objective 3 was to explore the challenges experienced by SMEs in implementing responsible and sustainable management practices. Themes that emerge are presented in Table 4.5

Table 4.5.: Summary of themes the SME challenges

Number of Themes	Themes	Frequency Response Rate
1	Lack of financial resources	8
2	Lack of understanding	6
3	Shortages of skills	7
4	Not enough employees	8

Source: Author's own compilation.

As presented in Table 4.5, four themes emerged from the findings. All the participants indicated the main challenges when it comes to implementing responsible and sustainable management practices are the lack of financial resources and not having enough employees in their organisations. Respondent 1 and 8 stated that:

Yes, there are challenges being faced and the challenge being finance. Financial means for training and education purposes as well as employing qualified practitioners in order to be able to implement responsible and sustainable management practices.

Further, seven respondents indicated that they cannot implement responsible and sustainable management practices because of the shortages of skills in their organisation and six stated that it is the lack of understanding of the practices. Respondent 5 stated that:

The second challenge would be the lack of knowledge/understanding of responsible and sustainable management practices. A body that would apply such is not as yet established in the company.

The results indicate that SMEs in Pietermaritzburg, KwaZulu-Natal are faced with various challenges in implementing responsible and sustainable management practices.

4.5. Section C: Quantitative results

This section presents inferential statistical results from the survey data. The results are presented according to the three research objectives of this study.

4.5.1. Reliability testing

The questionnaire's measures of the adoption of responsible and sustainable management practices were made up of three constructs, namely: perceptions of the SMEs regarding responsible and sustainable management; implementation of responsible and sustainable management practices; challenges experienced by the SMEs in implementing responsible and sustainable management practices. The scale reliability of these is summarized in Table 4.6

Table 4.6: Questionnaire reliability statistics

Section	Number of questionnaire items	Cronbach's Alpha	Comment
Perceptions of the SMEs regarding responsible and sustainable management	8	0.602	Moderate internal consistency
Implementation of responsible and sustainable management practices	8	0.845	High internal consistency
Challenges experienced by the SMEs in implementing responsible and sustainable management practices	4	0.853	High internal consistency
All three constructs	20	0.710	High internal consistency

Source: Author's own compilation

Scale reliability analysis aims to establish if the questionnaire items in the various constructs can be relied upon to address the objectives of this study. Cronbach's Alpha statistic was used to measure the reliability of the questionnaire. Furthermore, the non-Likert scale questions were not included in this reliability analysis. A Cronbach's Alpha value of at least 0.700 would indicate that the research tool used is reliable (Yong and Pearce, 2013). The perceptions of the SMEs regarding responsible and sustainable management constructs were found to have slightly less than adequate internal consistency or reliability (Cronbach's Alpha=0.602). The implementation of responsible and sustainable management practices construct (Cronbach's Alpha=0.845) is of high internal consistency or reliability. Furthermore, challenges experienced by the SMEs in implementing responsible and sustainable management practices have a Cronbach's Alpha coefficient of 0.853 and it is regarded as a high internal consistency or reliability. Lastly, the overall questionnaire is of high consistency (Cronbach's Alpha=0.710) when all the Likert scale items are considered together. If ever this research instrument is to be used in the future then researchers need to relook at the items under perceptions of the SMEs regarding responsible and sustainable management constructs for a bit of improvement. In general, the research questionnaire was of satisfactory reliability and the results stemming from data collected made its use to be reckoned reliable.

4.5.2. Descriptive Statistics

4.5.2.1. Perceptions

Research Objective 1: *To explore the perceptions of SMEs about responsible and sustainable management*

The descriptive statistical results are about the perceptions of SMEs from Pietermaritzburg on responsible and sustainable management practices presented in Table 4.7 below.

Table 4.7.: Responsible and sustainable management practices awareness and perception

I understand responsible and sustainable management practices to be:	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Sum of Majority
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
Meeting consumers, employees, and community needs	0	0.0%	2	2.4%	13	15.7%	51	61.4%	17	20.5%	Agree or Strongly Agree 81.9%
Complying strictly with labour and environmental laws.	0	0.0%	2	2.4%	18	21.7%	46	55.4%	17	20.5%	Agree or Strongly Agree 75.9%
Acting over and above what owners, the law, and society expect- simply to enhance society such as voluntary donations etc.	1	1.2%	12	14.5%	35	42.2%	27	32.5%	8	9.6%	Neutral 42.2%
The same as charity and voluntary initiatives.	2	2.4%	5	6.0%	9	10.8%	48	57.8%	19	22.9%	Agree or Strongly Agree 80.7%
Responsibility for big business and not SMEs	0	0.0%	9	10.8%	10	12.0%	49	59.0%	15	18.1%	Agree or Strongly Agree 77.1%
Practices that help attract customers.	2	2.4%	16	19.3%	35	42.2%	23	27.7%	7	8.4%	Neutral 42.2%

Practices that improve business image (brand reputation).	0	0.0%	16	19.3%	49	59.0%	13	15.7%	5	6.0%	Neutral 59.0%
Initiatives that contribute to employee satisfaction and motivation.	3	3.6%	30	36.1%	17	20.5%	23	27.7%	10	12.0%	Strongly Disagree or Disagree 39.7%

Source: Author's own compilation.

In understanding responsible and sustainable management practices by SMEs Table 4.7 indicates that 81.9% of participants agree or strongly agree that it is about meeting consumers, employees, and community needs. The majority, 75.9% of participants, indicated that they agree or strongly agree it is about complying strictly with labour and environmental laws. The results show 42.2% of respondents were neutral. Meaning, they did not agree or disagree with the statement 'I understand responsible management practices to be acting over and above what owners, the law, and society expect- simply to enhance society such as voluntary donations, etc.'. In the view of understanding responsible and sustainable management by SMEs, table 4.7 shows that 80.7% of the respondents agree or strongly agree with understanding responsible and sustainable management practices to be the same as a charity and voluntary initiatives. Furthermore, 77.1% of respondents agreed or strongly agreed to understand responsible and sustainable management practices as responsibility for big businesses and not SMEs. The table shows that 42.2% of participants were neutral about associating these practices to management initiatives that attract customers. Lastly, 59.0% of respondents were also neutral about responsible and sustainable management practices to being initiatives that improve the business image (brand reputation), and the majority of 39.7% strongly disagreed or disagreed with initiatives that contribute to employee satisfaction and motivation.

4.5.2.2. Implementation

Research Objective 2: *Investigate how SMEs are implementing responsible and sustainable management practices*

The descriptive statistical results are on the implementation of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal given in Table 4.8.

Table 4.8.: Responsible and sustainable management practices implementation

My organisation implements responsible and sustainable management practices by:	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Sum of Majority
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
Incorporating practices in its operations.	3	3.6%	34	41.0%	26	31.3%	15	18.1%	5	6.0%	Strongly Disagree or Disagree 44.6%
Engaging in environmental awareness projects.	2	2.4%	32	38.6%	24	28.9%	21	25.3%	4	4.8%	Strongly Disagree or Disagree 41.3%
Providing goods/ services that meet its customer needs.	2	2.4%	3	3.6%	4	4.8%	49	59.0%	25	30.1%	Agree or Strongly Agree 89.1%
Providing training to my employees.	2	2.4%	10	12.0%	25	30.1%	40	48.2%	6	7.2%	Agree or Strongly Agree 55.4%
Implementing practices as required by law.	2	2.4%	5	6.0%	16	19.3%	49	59.0%	11	13.3%	Agree or Strongly Agree 72.3%
Educating all employees about the practices	10	12.0%	32	38.6%	20	24.1%	18	21.7%	3	3.6%	Strongly Disagree or Disagree 50.6%
Motivating everyone participating in the practices.	5	6.0%	37	44.6%	14	16.9%	19	22.9%	8	9.6%	Strongly Disagree or Disagree 50.6%
Consulting with all the stakeholders.	11	13.3%	36	43.4%	17	20.5%	14	16.9%	5	6.0%	Strongly Disagree or Disagree 56.7%

Source: Author’s own compilation.

In view of the implementation of responsible and sustainable management practices by SMEs Table 4.8 shows that the majority of 44.6% of participants do not incorporate these practices in

their operations. This needs to improve because most of the respondents (41.3%) strongly disagreed or disagreed with engaging in environmental awareness projects, while 89.1% agreed or strongly agreed to provide goods/services that meet their customer needs in implementing responsible and sustainable management practices. In addition, 55.4% agreed or strongly agreed to provide training to their employees and 72.3% also agreed or strongly agreed to implement practices as required by law. Moreover, the majority (50.6%) indicated that they do not educate all their employees about responsible and sustainable management practices. The same percent of participants strongly disagreed or disagreed with motivating everyone who participates in the practices. When engaging in responsible and sustainable management practices, 56.7% indicated that they strongly disagree or disagree with consulting with all the stakeholders.

4.5.2.3. Challenges

Research Objective 3: *Explore the challenges experienced by SMEs in implementing responsible and sustainable management practices*

The descriptive statistical results on the challenges that SMEs in Pietermaritzburg face when implementing responsible and sustainable management practices are presented in Table 4.9 below.

Table 4.9.: Responsible and sustainable management practices challenges

My organisation has difficulties in implementing responsible and sustainable management due to:	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Sum of Majority
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
Financial problems in carrying out the practices.	3	3.6%	0	0.0%	5	6.0%	35	42.2%	40	48.2%	Agree or Strongly Agree 90.4%
Lack of understanding	3	3.6%	5	6.0%	14	16.9%	34	41.0%	27	32.5%	Agree or Strongly Agree 73.5%

Failure to manage time	3	3.6%	3	3.6%	12	14.5%	42	50.6%	23	27.7%	Agree or Strongly Agree 78.3%
Lack of human resources	3	3.6%	3	3.6%	8	9.6%	40	48.2%	29	34.9%	Agree or Strongly Agree 83.1%

Source: Author's own compilation.

In consideration of the challenges that SMEs face when implementing responsible and sustainable management practices Table 4.9 indicates that 90.4% of participants agreed or strongly agreed to financial problems in carrying out the practices is a challenge. 73.5% agreed or strongly agreed to the lack of understanding. Moreover, 78.3% also agreed or strongly agreed to failure to manage time. Lastly, 83.1% of the respondents also agreed or strongly agreed to the lack of human resources.

4.6. Factor Analysis

Factor analysis was used to construct the new factors affecting the adoption of responsible and sustainable management practices of the questionnaire survey done among Pietermaritzburg SMEs.

4.6.1. KMO and Bartlett's Test

Bartlett's test of sphericity and the Kaiser-Meyer Olkin measure were done to measure sampling adequacy, both tests that can be used to determine the factorability of the matrix. The results value of Bartlett's test of sphericity is significant ($p < 0.001$, $p = 0.000$). In addition, the Kaiser-Meyer-Olkin measure is 0.784 which is greater than 0.6. The following table shows the result of SMEs' Bartlett's test of sphericity and the Kaiser-Meyer Olkin.

Table 4.10: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.801
Bartlett's Test of Sphericity	Approx. Chi-Square	779.097
	Df	190
	Sig.	0.000

Source: SPSS

It is suggested that if Bartlett’s test of sphericity is significant, and if the Kaiser-Meyer Olkin measure is greater than 0.6, then factorability is assumed. Thus, based on the results, it was appropriate to proceed with Factor Analysis to examine factors affecting the adoption of responsible and sustainable management practices of the questionnaire survey done among Pietermaritzburg SMEs.

4.6.2. Total Variance Explained

Table 4.6.2 displays the total variance explained at six stages for factors that affect the adoption of responsible and sustainable management practices of the questionnaire survey done among Pietermaritzburg SMEs. Six factors were extracted because their eigenvalues are greater than 1. When six factors were extracted, then 71.033 percent of the variance would be explained.

Table 4.11.: Total Variance Explained

Factor	Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	3.491	17.456	17.456
2	3.002	15.009	32.465
3	2.469	12.346	44.811
4	2.116	10.579	55.390
5	1.883	9.414	64.804
6	1.246	6.229	71.033

Extraction Method: Principal Component Analysis

4.6.3. Scree Plot

The scree plot is a presentation of the eigenvalue against the factors or components in descending order. According to Yong and Pearce (2013), the scree plot was used to visually assess which factors express more variability in the data and the number of factors determines the shape of the plot. The plot has a definite break between the steep slope of factors, with large eigenvalues and small eigenvalues (Yong and Pearce, 2013). The scree plot shows that six components are the most important factors according to results from the rotated component matrix and total variance further explained below.

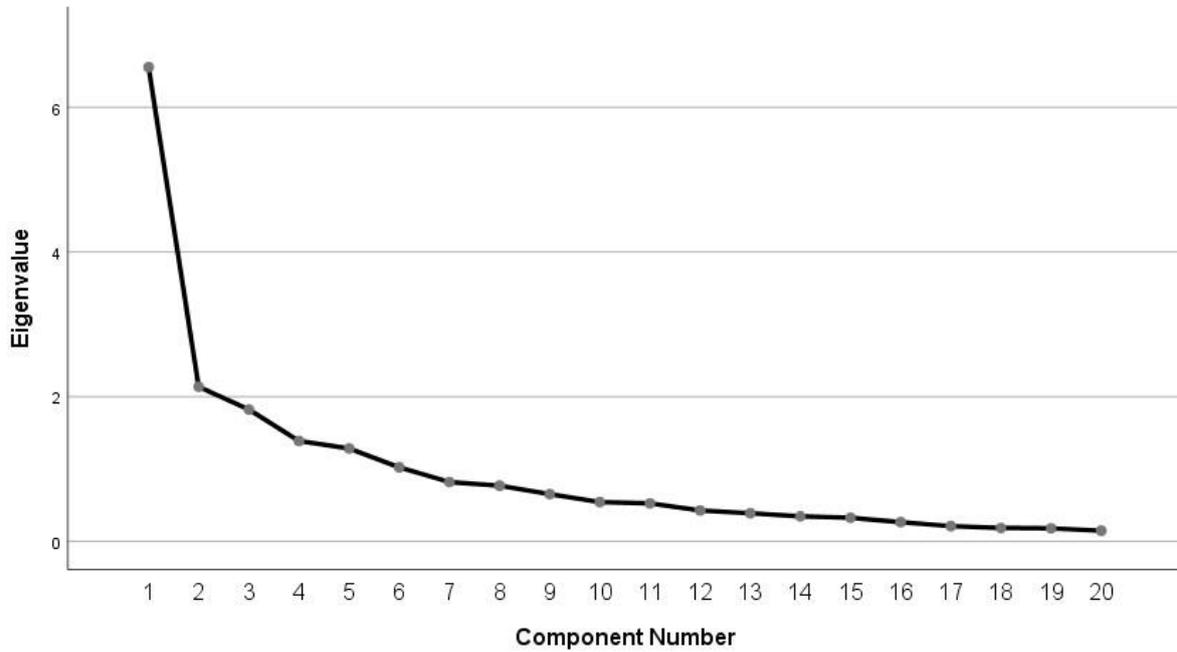


Figure 4.6 Scree Plot

Source: SPSS

4.6.4 Rotated Factor Matrix

Table 4.12 shows the rotated factor matrix for the research questionnaire. According to Sekaran and Bougie (2016), a variable with factor loadings of more than 0.45 is considered average, whereas loadings 0.32 is considered less good. Therefore, in this study, only variables with a factor loading more than 0.45 were chosen. After performing the Varimax Rotation Method with Kaiser Normalization:

- Factor 1: Employee and Customer needs - comprised of six items with factor loadings ranging from 0.594 to 0.837. The items in Factor 1 are RSM PAP8, RSM PAP6, RSM PI6, RSM PI8, RSM PI7, and RSM PAP7.
- Factor 2: Lack of human and financial capacity - comprised of four items with factor loadings ranging from 0.691 to 0.852. The items in Factor 2 are RSM PC, RSM PC1, RSM PC3, and RSM PC2.
- Factor 3: Compliance with the law - comprised of three items with factor loadings ranging from 0.584 to 0.789. The items in Factor 3 are RSM PI3, RSM PI5, RSM PAP2 and RSM PI4

- Factor 4: Environmental practices - comprised of two items with factor loadings ranging from 0.577 to 0.624. The items in Factor 4.7 are RSMPI2 and RSMPI1
- Factor 5: Responsibility for big organisations - comprised of two items with factor loadings ranging from 0.502 to 0.796. The items in Factor 5 are RSMAP7, RSMAP5, and RSMAP1.
- Factor 6: Voluntary initiatives - comprised of one item, which is RSMAP3 and the factor loadings is 0.749.

Table 4.12.: Rotated Factor Matrix

Items		Factors					
		1	2	3	4	5	6
RSMAP8	Initiatives that contribute to employee satisfaction and motivation.	0.837					
RSMAP6	Practices that help attract customers.	0.706					
RSMPI6	Educating all employees about the practices	0.686					
RSMPI8	Consulting with all the stakeholders.	0.685					
RSMPI7	Motivating everyone participating in the practices.	0.630					
RSMAP7	Practices that improve the business image (brand reputation).	0.594				0.502	
RSMPC4	Lack of human resources.		0.852				
RSMPC1	Financial problems in carrying out the practices.		0.804				
RSMPC3	Failure to manage time		0.788				
RSMPC2	Lack of understanding		0.691				
RSMPI3	Providing goods/ services that meet its customer needs.			0.789			
RSMPI5	Implementing practices as required by law.			0.722			
RSMAP2	Complying strictly with labour and environmental laws.			0.682			
RSMPI4	Providing training its employees.			0.584			
RSMAP5	The same as charity and voluntary initiatives.						

RSMP12	Engaging in environmental awareness projects.				0.624		
RSMP11	Incorporating practices in its operations.				0.577		
RSMPAP5	Responsibility for big business and not SMEs					0.796	
RSMPAP1	Meeting consumers, employees, and community needs					0.606	
RSMPAP3	Acting over and above what owners, the law, and society expect- simply to enhance society such as voluntary donations, etc.						0.749

Source: SPSS and Author's own compilation

The results from the scree plot and the rotated factor matrix above established six main factors affecting the adoption of responsible and sustainable management practices of the questionnaire survey done among Pietermaritzburg SMEs: Employee and Customer needs; Lack of human and financial capacity; Compliance with the law; Environmental practices Responsibility for big organisations; Voluntary initiatives.

4.7. Section D: Summary of Findings

The previous sections presented the empirical results of the study in both qualitative and quantitative forms. This section will provide a summary of findings based on the research questions. The following table presents the key findings of the research.

Table 4.13: Summary of findings

Research Question	Phase 1		Phase 2	
	Qualitative Findings	Quantitative Findings		
		Descriptive	Factor Analysis	
What are perceptions of SMEs regarding responsible and sustainable management?	<ul style="list-style-type: none"> • Taking care of the environment • Charity work • Meeting customer needs • Not a responsibility for SMEs but practices for big businesses 	<ul style="list-style-type: none"> ➤ Meeting consumers, employees, and community needs ➤ The same as charity and voluntary initiatives. ➤ Responsibility for big business and not SMEs 	<ul style="list-style-type: none"> • Employee and Customer needs • Compliance with the law • Responsibility for big organisations • Voluntary initiatives 	
How are SMEs implementing responsible and sustainable management practices?	<ul style="list-style-type: none"> • The owner of the SME makes the decision on responsible and sustainable management practices • Practices are not implemented 	<ul style="list-style-type: none"> ➤ Providing goods/ services that meet its customer needs. ➤ Implementing practices as required by law. 	<ul style="list-style-type: none"> • Employee and Customer needs • Compliance with the law • Environmental practices • Responsibility for big organisations 	
Explore the challenges experienced by SMEs in implementing responsible and sustainable management practices?	<ul style="list-style-type: none"> • Lack of financial resources • Not enough employees 	<ul style="list-style-type: none"> ➤ Lack of financial resources ➤ Not enough employees 	<ul style="list-style-type: none"> • Lack of human and financial capacity 	

Source: Author’s own compilation.

Table 4.12 displays the key finding in two phases corresponding with the research questions. The first phase presents the qualitative findings that influenced the creation of the questionnaires that were used as a source of data collection for the second phase. The table presents the key findings from the descriptive analysis of the questionnaire in the second phase. Furthermore, factor analysis was conducted in the second. The factor analysis extracted six factors affecting the adoption of responsible and sustainable management practices of the questionnaire done among Pietermaritzburg SMEs are presented in the table.

4.7.1. Perceptions of SMEs

Research Question 1: *What are the perceptions of SMEs regarding responsible and sustainable management?*

In consideration of the research question, this study found that SMEs in Pietermaritzburg have different perceptions regarding responsible and sustainable management. However, the qualitative and quantitative data sets showed the interconnectedness between the data collection designs reflected similar themes. The findings show that the SME owner/managers perceive responsible and sustainable management practices as meeting consumers’, employees, and

community needs, the same as a charity and voluntary initiatives and a responsibility for big business and not SMEs. Moreover, the quantitative findings show that six factors affecting the adoption of responsible and sustainable management practices of the questionnaire done among Pietermaritzburg SME were extracted. Only four factors are in relation to this research question. These factors are employee and customer needs (factor1); compliance with the law (factor 3); responsibility for big organisations (factor5); and voluntary initiatives (factor 6).

4.7.2. SMEs implementing

Research Question 2: *How are SMEs implementing responsible and sustainable management practices?*

Considering the research question, the findings show that some SMEs implement responsible and sustainable management by implementing practices as required by law or complying with the law. The findings show that some SMEs in Pietermaritzburg do not implement the practices due to how the SME owners/managers perceive responsible and sustainable management practices by providing goods/services that meet their customer needs. Additionally, the quantitative findings from the factor analysis indicate that six factors affecting the adoption of responsible and sustainable management practices of the questionnaire done among Pietermaritzburg SME were extracted. Only four factors are in relation to this research question. These factors are Employee and Customer needs (factor1); Compliance with the law (factor 3); Environmental practices (factor 4) and Responsibility for big organisations (factor5).

4.7.3. The challenges

Research Question 3: *What are the challenges experienced by SMEs in implementing responsible and sustainable management practices?*

In the view of the research question, the findings revealed that as SMEs experience financial challenges and they do not have enough human capacity in their organisations for them to be able to implement responsible and sustainable management practices. In addition, quantitative findings from the factor analysis indicate that six factors affecting the adoption of responsible and sustainable management practices of the questionnaire done among Pietermaritzburg SME

were extracted. Only factor 2, which is a lack of human and financial capacity, is in relation to this research question.

4.8. Discussion of Findings

The main aim of this research was to explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal, South Africa. The study produced an understanding of the perception of SMEs and the implementation and challenges that SMEs face when implementing responsible and sustainable management practices.

4.8.1. The perceptions of SMEs

Research Objective 1: *To explore the perceptions of SMEs regarding responsible and sustainable management.*

In view of exploring the perceptions of SMEs regarding responsible and sustainable management practices in Pietermaritzburg, KwaZulu-Natal, South Africa, the qualitative and quantitative data sets show interconnectedness. This study established six key variables that are influencing SMEs in Pietermaritzburg towards the adoption of responsible and sustainable management practices. The findings in this study showed that only four of these six variables are responsibility for employee and customer needs; compliance with the law responsibility for big organisations; voluntary initiatives. The research showed that SMEs have different perceptions of responsible and sustainable management. For instance, from the qualitative component respondent 2 stated that RSM practices “*help organisations to get customers because of their involvement in the community and they also improve a company’s image*”. While from the quantitative component, 81.1% of the participants agreed in varying degrees that with RMS practices SMEs should be meeting consumer, employee, and community needs.

The findings demonstrate that participants indicated that they understand these initiatives to be practices that comply strictly with labour and environmental laws. The finding confirmed Masurel (2007) position that responsible and sustainable management practices help organisations obey the law. According to Johnson (2015), responsible and sustainable management practices are programs and practices that are offered to promote social, economic

and environmental sustainability. The findings in this study established that owners of SMEs perceive responsible and sustainable management practices as initiatives that organisation practice to care for the environment, charity work and meeting customer needs. This is influenced by the awareness of the voluntary initiatives factor. For instance, this is reflected in similar or common themes that have been drawn from responses of eight respondents that include “*Taking care of the environment*” and “*Charity work*”. However, in the descriptive table 4.8, few respondents were neutral about variables. This indicated that they were not sure about the questions (variables).

The findings further indicated that respondents stated and agreed to understand responsible and sustainable to be the same as a charity and voluntary initiatives. Moreover, six respondents who had similar themes in their responses “*Not responsibility for SMEs but practices for big businesses*” reflected this. For example participant, 3 stated that “*Small-medium enterprises do not have the finances, therefore it is rather a responsibility for big companies*” and the quantitative results showed that 77.1% of SMEs understand responsible and sustainable management as practices for big businesses and not responsible for SMEs. This is in line with the factor responsibility for big organisations of this research and with what Johnson (2015) states that the proposed practices are designed and implemented by large companies. The findings also showed that participants understand responsible and sustainable management to be initiatives that contribute to employee satisfaction and motivation. These findings are in line with the literature covered in chapter two.

4.8.2. SMEs implementing RSM

Research Objective 2: *Investigate how SMEs are implementing responsible and sustainable management practices.*

In investigating how SMEs in Pietermaritzburg, KwaZulu-Natal are implementing responsible and sustainable management practices, the qualitative and quantitative data sets show interconnectedness. This study established six key variables that are influencing SMEs in Pietermaritzburg in the adoption of responsible and sustainable management practices. The results in this study showed that four of these six variables are employee and customer needs, compliance with the law, environmental practices and responsibility for big organisations.

Likewise, the findings indicated that the majority of SMEs were not engaging in these practices. One of the participants in the in-depth interview stated, “*Another reason for not implementing responsible and sustainable management initiatives is that most of SMEs are in their initiation and planning phase*”. This is in line with the five respondents who had similar themes in their responses. In addition, the majority of the quantitative findings disagreed in varying degrees that they incorporate responsible and sustainable management practices in their operations. Yet there were a few participants who were neutral about the questions. This showed that they were not sure about the questions.

The qualitative findings also indicated that some SMEs do not make any decisions regarding responsible and sustainable management. Five respondents who had similar themes in their responses reflected this. For example, respondent 1 stated, “*There aren't any decisions of responsible and sustainable management practices taken in the company*”. The quantitative finding showed that SMEs do not engage in environmental awareness projects. These initiatives are part of the Environment theme in the ten principles of UNGC (United Nations Global Compact, 2014). Igbinakhashe (2017) argued that, nowadays, companies could not ignore the fact that they cannot function in isolation. They need to interact with their surroundings effectively and efficiently for their own survival.

In addition, the findings demonstrated that the participants also agreed to provide training for their employees and to implement practices as required by law. This was supported by (Igbinakhashe, 2017) and was in line with compliance with the law factor. According to Igbinakhashe (2017), labour is important and plays a strategic part in many companies because it gives workers a chance to meet organisational goals in society while giving employment that brings about economic sustenance of the employees. However, the findings indicated that the majority (50.6%) of SMEs do not educate all their employees about responsible and sustainable management practices. They do not motivate participants in the practices and they (56.7%) do not consult all their stakeholders when they engage in responsible and sustainable management. Bos-Brouwers (2010) indicated that these are important initiatives that make for responsible and sustainable management practices, looking at high levels of transparency in communication with all stakeholders and having a good code of conduct and ethics in all the

business decisions. Furthermore, the findings showed that the owners of the businesses make all the decisions in the SMEs. Masurel (2007) who states that how an SME owners /Managers see the world and their own personal experiences of the world has an impact on their daily decision-making processes supported this. This, therefore, leads to asking whether these managers are aware and perceive these responsible and sustainable management practices.

4.8.3. The challenges experienced by SMEs

Research Objective 3: *Explore the challenges experienced by SMEs in implementing responsible and sustainable management practices.*

In exploring the challenges experienced by SMEs in Pietermaritzburg in implementing responsible and sustainable management, practices the qualitative and quantitative findings showed that all respondents share similar views when implementing responsible and sustainable management initiatives. The quantitative findings from the factor analysis reveal that SMEs in Pietermaritzburg are influenced by six key factors when it comes to the adoption of responsible and sustainable management practices, namely: employee and customer needs, lack of human and financial capacity, compliance with the law, environmental practices, responsibility for big organisations, and voluntary initiatives. The key factor that influences these objectives is the lack of human and financial capacity. This key factor was made up of all the variables under this objective, which are lack of human resources, financial problems in carrying out the practices, failure to manage time and lack of understanding.

The findings revealed that as SMEs there appears to be a relationship between ‘lack of financial resources’ and ‘lack of implementation of responsible and sustainable management initiatives’. Eight respondents had similar themes in their responses. “*Lack of financial resources*” reflects this. Respondents 1 and 8 stated that ““*Yes there are challenges of finances... for training and education purposes as well as employing qualified practitioners to implement responsible and sustainable management practices*” and 90.5% of the respondents in the qualitative findings agreed in varying degrees that they have financial problems in carrying out the practices. This was supported by the literature. SMEs are less likely to implement these practices due to their financial limitations and costs associated with these practices (Rahman *et al.*, 2017).

That SMEs are entities without financial resources is critical on how they implement responsible and sustainable management practices. Hlatywayo (2015) also states that if SMEs are entities without resources, it is important on how they adopt and implement responsible and sustainable management practices. Hlatywayo (2015) further indicated that SMEs who believe that they do not have sufficient money are unlikely to think positively about these practices. They also consider that the needed money or money invested in the initiatives cannot be recovered.

The findings demonstrated that lack of managerial skills, lack of information, failure to manage time and lack of human resources are the main challenges that these SMEs in Pietermaritzburg are faced with when it comes to implementing responsible and sustainable management practices. Six respondents who had similar themes in their responses “*Lack of understanding*” reflected this, one participant stated, “*The lack of knowledge/understanding about the practices and a body that would apply such is not as yet established in the company*”. And the quantitative results indicated that 73.5% of respondents agreed in varying degrees that their organisations have difficulties in implementing responsible and sustainable management due to lack of understanding. This is in agreement with literature, which highlights that SMEs have little knowledge about the expertise needed for formal practices in ensuring social, economic and environmental sustainability (Masocha and Fatoki, 2018). SMEs owners and managers usually focus on the daily activities of the business, which is why they do not have time to look for useful information on how to sustain and develop the business (Hlatywayo, 2015).

Additionally, the findings indicated that SMEs in Pietermaritzburg have difficulties in implementing responsible and sustainable management due to failure to manage time and lack of human resources. Eight respondents who had similar themes in their responses “*Not enough employees*” reflected this. Hlatywayo (2015), who stated that SME owners /managers do not have time to focus on responsible and sustainable management practices as they usually focus on the day-to-day activities of the business, supported these results. Moreover, the lack of management skills indicated that SME owners /managers do not understand the need and importance of training and development programs for their employees (Chibarabada, 2015).

4.9. Conclusion

This chapter presented and interpreted the finding of this research. The response rate of this research was provided in this chapter and the demographic profile of the participants was presented to show the nature of the respondents. The research had a high number of male participants. The qualitative and quantitative results were analysed, presented interpreted in accordance with the objectives of this study. The thematic analysis results for qualitative data and SPSS for quantitative data were used for presentation and interpretation in relation to the results of the research. The summary of results was given in detail showing the link between the objective and the factor analysis results. The chapter provided an analytical discussion of research findings in line with the objectives of the study. The discussion made critical reference to reviewed literature. The next chapter draws conclusions and makes recommendations.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

Chapter 4 provided a presentation and interpretation of the results obtained from gathering data using the mixed method approach called exploratory sequential design. It discussed the research findings of the study. The qualitative and quantitative results were analysed, presented interpreted in accordance with the objectives of this study. The focus of this study was to explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. This is the last and final chapter of this research; it will present the conclusions drawn from the study. It will also outline the contribution of the study to the field of management and make recommendations for future studies in the field of responsible and sustainable management and SMEs. Lastly, the limitations of this research will be outlined.

5.2. Conclusions of the study

5.2.1. Research Objective 1: To explore the perceptions of SMEs about responsible and sustainable management.

The results indicated that SMEs have a positive attitude toward responsible and sustainable management practices. The research findings further showed that SMEs in Pietermaritzburg have varied perceptions regarding responsible and sustainable management practices. The factor analysis further revealed that these SMEs are influenced by six key factors when it comes to the adoption of responsible and sustainable management practices. Only four of these factors highly affected this objective, namely: employee and customer needs, compliance with the law, responsibility for big organisations and voluntary initiatives. Furthermore, the respondents' understanding of the practices is highly influenced by the benefits associated with initiatives, even though they see responsible and sustainable management practices as activities for big businesses. The findings showed that SMEs shared perceptions that responsible and sustainable management practices are:

- Meeting consumer, employees, and community needs
- Complying strictly with labour and environmental laws

- Taking care of the environment, charity work and meeting customer needs □ They are the same as a charity and voluntary initiatives

5.2.2. *Research Objective 2:* Investigate how SMEs are implementing responsible and sustainable management practices.

The main aim of this objective was to investigate how SMEs in Pietermaritzburg are implementing responsible and sustainable management practices. The findings indicated that the majority of SMEs are not engaging in these practices. SMEs do not engage in environmental awareness activities. The findings revealed that SMEs do not educate all their employees about responsible and sustainable management practices, they do not motivate everyone who participates in the practices and they do not consult all their stakeholders when they engage in responsible and sustainable management. Additionally, the research findings revealed that the owners of the businesses make all the decisions in the SMEs. Lastly, the results from the conducted factor analysis indicated that SMEs in Pietermaritzburg are influenced by six key factors when it comes to the adoption of responsible and sustainable management practices, namely: employee and customer needs, lack of human and financial capacity, compliance with the law, environmental practices, responsibility for big organisations, voluntary initiatives. Four factors highly influenced this objective and these factors are:

- Employee and customer needs
- Compliance with the law
- Environmental practices
- Responsibility for big organisations

5.2.3. *Research Objective 3:* Explore the challenges experienced by SMEs in implementing responsible and sustainable management practices.

The main purpose of this objective was to explore the challenges experienced by SMEs in implementing responsible and sustainable management practices. The factor analysis conducted in this research reveals that SMEs in Pietermaritzburg are influenced by six key

factors when it comes to the adoption of responsible and sustainable management practices. The key factor was the lack of human and financial capacity. This key factor is made up of all the variables under this objective that are also the four main challenges that SMEs in Pietermaritzburg are affected by, which are:

- Financial problems
- Lack of understanding
- Failure to manage time
- Lack of human resources

5.3. Contributions to the field of research

The research findings made various managerial contributions to the field of management. The contributions are discussed in the following sections.

The integrative literature review that was conducted to get more insight into responsible and sustainable management showed huge benefits of these practices for big corporations. Studies have shown that these practices are also important to SMEs because they play an important role in the economic growth of countries, especially developing countries like South Africa. Due to the limited research that has been done on responsible and sustainable management practices by SMEs in South Africa, this study could have an impact on two major theoretical areas: responsible management and sustainable management. The results showed that SMEs have different perceptions regarding responsible and sustainable management practices. They indicated that SME owners /Managers consider these practices are for bigger companies to adopt and implement and are not suitable for SMEs. The findings of the study showed that SMEs have a positive attitude towards two-management practices due to the associations and benefits of responsible and sustainable management practices. The study also showed that SMEs are not implementing responsible and sustainable management practices due to financial constraints, lack of knowledge, lack of human resources and failure to manage time.

Furthermore, the research contributes to two disciplines: SMEs and Sustainable Business Management. The research could assist managers or entrepreneurs to acknowledge that they need to embrace responsible and sustainable management practices because such initiatives are not limited to big businesses. The research also helps to create awareness of sustainable management among those SMEs who are not following these practices. The study challenges some SME owners-managers to adopt and embrace responsible and sustainable management practices. This study could contribute to the promotion of sustainable business management not only in the South African context but globally as well.

5.4. Limitations

- A limitation of this research is that the sample was taken from SMEs registered with only the Msunduzi Municipality in Pietermaritzburg, KwaZulu-Natal. Some SMEs that were present on the list provided by the municipality were no longer operating. Therefore, the results of the research cannot be generalized across all SMEs in Pietermaritzburg. This leads to the researcher not being able to meet the sample needed for the broader quantitative data collection. The overall interpretations concerning the South African SMEs and RSM practices may be judged as subjective. However, the results from the data obtained can help us to comprehend the present SMEs and RSM trends within local community contexts like the Msunduzi Municipality.
- One other limitation is that the research used a non-probability sampling technique for gathering participants. For that reason, the results do not reflect the responses of the entire population. Despite the above limitations, the findings lay a foundation for future research.

5.5. Recommendations

Based on the findings of this research, the researcher recommends the following:

5.5.1 Research Recommendations

- More studies need to be conducted to further understand the SMEs' adoption of responsible and sustainable management concepts.

- The studies should focus on how SMEs can adopt and implement responsible and sustainable management practices using their limited resources.
- Future studies could be carried out on selected sectors to get deeper insights on responsible and sustainable management practices and challenges SME owners face in those sectors.

5.5.2. Practical/Managerial Recommendations

- Government agencies like the Msunduzi Municipality should educate SMEs about the essence of responsible and sustainable management and assist them with business training to improve their knowledge. This may result in the adoption and implementation of sound business management principles such as responsible and sustainable management.
- SME owners /Managers should design strategic plans that would incorporate the specific commitments and expected behaviour in relation to their employees and other stakeholders. This would serve as a guideline on how they could address customer, employee, community and environmental responsibilities.
- SME owners and entrepreneurs should also establish RSM specific, measurable and attainable goals. Since the implementation of responsible and sustainable management practices are influenced by the SME owners/entrepreneurs, it is vital to create a vision, mission, and statement of values for the company. This should include responsible and sustainable management practices in its central elements. The Msunduzi Municipality should encourage big companies in Pietermaritzburg to act as mentors to SMEs and educate them about the importance of embracing responsible and sustainable management practices in their business operations.

5.6. Conclusion

Responsible and sustainable management practices in corporations have become the standard in today's global business environment. These practices help managers to monitor and evaluate internal development while engaging with external stakeholders on sustainable development issues that will further improve company performance. The main objective of this paper was

to explore the adoption of responsible and sustainable management practices by the SMEs in Pietermaritzburg, KwaZulu-Natal, South Africa. Three factors that affect the adoption of responsible and sustainable management practices were looked at in this study: the perceptions of SMEs regarding these initiatives; the way SMEs implement these management practices; and the challenges they face regarding the implementation of responsible and sustainable management practices. The research findings reveal that the perception of SMEs regarding responsible and sustainable management practices is highly influenced by the benefits associated with the initiatives, even though they see responsible and sustainable management practices as activities for big businesses.

The study showed that the majority of SMEs in Pietermaritzburg, KwaZulu-Natal are not implementing responsible and sustainable management practices. This is due to the two major challenges uncovered in this research. SMEs face financial problems and lack of human resources. Additionally, the results from the conducted factor analysis indicated that SMEs in Pietermaritzburg are influenced by six key factors when it comes to the adoption of responsible and sustainable management practices, namely employee and customer needs, lack of human and financial capacity, compliance with the law, environmental practices, responsibility for big organisations, voluntary initiatives. However, it shows that they do not adopt responsible and sustainable management practices even though awareness regarding the practices exists. Future research should focus on what strategies are used by SMEs to overcome the challenges encountered when adopting responsible and sustainable management practices. The research should cover the effectiveness of the strategies to further contribute knowledge and action plans for SMEs. This research provides evidence that even when these business entities may have some awareness about responsible and sustainable management practices, they do not adopt them because of the various challenges they face.

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APPENDICES

APPENDIX A: ETHICAL CLEARANCE APPROVAL LETTER



22 August 2018

Ms Ayanda Khumalo 210529313
School of Management, IT & Governance
Westville Campus

Dear Ms Khumalo

Protocol Reference Number : HSS/0981/018M
Project title: Adoption of Responsible and Sustainable Management practices by SMEs in Pietermaritzburg,
KwaZulu-Natal

Full Approval – Expedited Application

In response to your application received 24 July 2018, 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)
Humanities & Social Sciences Research Ethics Committee

/pm

Cc Supervisor: Dr Mfazo Clifford Madondo
cc Academic Leader Research: Prof Isabel Martins
cc School Administrators: Ms Angela Pearce

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

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APPENDIX B: MSUDUZI MUNICIPALITY EMAIL

14/2018

Gmail - Permission to conduct research



ayanda khumalo <ayokie18@gmail.com>

Permission to conduct research

Simtholile Myeni <Simtholile.Myeni@msunduzi.gov.za>
To: ayanda khumalo <ayokie18@gmail.com>

Mon, Jun 11, 2018 at 11:07 AM

Good morning Ayanda

I have spoken to Nombuso regarding your request. She said we can provide with a list of SMMEs and their contact details. Regarding a permission to interview SMMEs, you can liaise with them directly without getting a permission from the Municipality since they are operating in their own capacity.

Kind regards

Mr Simtholile Myeni

From: ayanda khumalo <ayokie18@gmail.com>
Sent: 22/05/2018 01:47 PM
To: Simtholile Myeni <Simtholile.Myeni@msunduzi.gov.za>
Cc: 210529313@stu.ukzn.ac.za
Subject: Permission to conduct research

APPENDIX C: INFORMED CONSENT FORM

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

Dear Respondent,

Research Project

Researcher: Ayanda Khumalo, Telephone number: 0719199582, Email: 210529313@stu.ukzn.ac.za

Supervisor: Dr M. C. Madondo, Telephone number: 03326 6361, Email madondo@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, (Ayanda Khumalo) am a Master of Commerce in Management 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: **Adoption of Responsible and Sustainable Management practices by SMEs in Pietermaritzburg, KwaZulu-Natal**

The aim of this study is to: explore the adoption of responsible and sustainable management practices by SMEs in Pietermaritzburg, KwaZulu-Natal. The research will help to create awareness, among those SMEs that will be surveyed and who are not sustainable management practices. It will assist other manager and entrepreneurs in SMEs to adopt and embrace responsible and sustainable management practices.

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 researcher and 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 (approval number).

The questionnaires should take about 10 minutes to complete. Thank you for your time.

Sincerely

Researcher's signature _____ Date _____

Ayanda Khumalo

This page is to be retained by participant

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

Research Project

Researcher: Ayanda Khumalo, Telephone number: 0719199582, Email: 210529313@stu.ukzn.ac.za

Supervisor: Dr M. C. Madondo, Telephone number: 03326 6361, Email: madondo@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. Additional consent, where applicable

I hereby provide consent to:

Audio-record my interview / focus group discussion YES / NO

Signature of Participant

Date

This page is to be retained by researcher

**APPENDIX D: IN-DEPTH INTERVIEW FOR SMES IN
PIETERMARITZBURG, KWAZULU-NATAL**

IN-DEPTH INTERVIEW

SECTION A: Background information (Please tick)

1. What is your age?

Age group (years)	
18-30	
30-49	
50 and over	

2. What is your gender?

Female	
Male	

3. What is your highest educational qualification?

Up to standard 10/grade 12	
Diploma/Degree	
B. Tech/Postgrad/Honours	
M.Tech/Masters/MBA	
D.Tech/Doctorate	

SECTION B: Business profile

1. How long have you been operating your business?

Less than 5 years	
5 – 10 years	
10 and over	

2. In which sector does your business fall under?

Agriculture		Trade & Accommodation	
Mining		Transport & Communication	
Manufacturing		Finance & Bus. Services	
Electricity, gas & water		Community	
Construction		Other	

3. How many people are employed by the organisation?

Less than 50	
50-100	
101-150	
151 -200	
Over 200	

SECTION C: Perceptions on responsible and sustainable management practices

1. What do you understand by responsible and sustainable management practices?
2. What are your perceptions towards responsible and sustainable management practices in SMEs?

SECTION D: Implementation of Responsible and sustainable management practices

3. Could you please explain how decisions of responsible and sustainable management practices are taken in your company?
4. Do you consult with stakeholders on responsible and sustainable management practices decisions?
5. Do you think the way you are implementing responsible and sustainable management initiatives in your company is achieving the intended results? (Please explain your answer).

SECTION E: Responsible and sustainable management practices challenges

6. Are you experiencing any challenges in implementing responsible and sustainable management practices in your organisation?
7. In your opinion, what could be the external forces influencing some of the challenges you encounter when implementing responsible and sustainable management practices?

THANK YOU!

**APPENDIX E: QUESTIONNAIRE FOR SMES IN
PIETERMARITZBURG, KWAZULU-NATAL**

**Adoption of Responsible and Sustainable Management practices by SMEs in
Pietermaritzburg, KwaZulu-Natal**

SECTION A: Background information (Please tick)

1. What is your age? (AGE)

Age group (years)	1
18-30	2
30-49	3
50 and over	4

2. What is your gender? (GEN)

Female	1
Male	2

3. What is your highest educational qualification? (HEQ)

Up to standard 10/grade 12	1
Diploma/Degree	2
B. Tech/Postgrad/Honours	3
M.Tech/Masters/MBA	4
D.Tech/Doctorate	5

SECTION B: Business profile

1. How long have you been operating your business? (OB)

Less than 5 years	1
5 – 10 years	2
10 and over	3

2. In which sector does your business fall under? (SEC)

Agriculture	1	Trade & Accommodation	6
-------------	---	-----------------------	---

Mining	2	Transport & Communication	7
Manufacturing	3	Finance & Bus. Services	8
Electricity, gas & water	4	Community	9
Construction	5	Other	0

3. How many people are employed by the organisation? (NE)

Less than 50	1
50-100	2
101-150	3
151 -200	4
Over 200	5

Section C: Questionnaire (Please tick)

For each of the statements below you are requested to respond on a five-point scale: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, or 5=strongly agree.

Please mark with an X your choice and responses as accurately and honestly as possible.

Thereafter, you may provide further comments on the statements below in the space provided.

1. Responsible and sustainable management practices awareness and perception (1MPAP)

I understand responsible and sustainable management practices to be:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.1.	Meeting consumers, employees, and community needs.	1	2	3	4	5
1.2.	Complying strictly with labour and environmental laws.	1	2	3	4	5
1.3.	Acting over and above what owners, the law, and society expect- simply to enhance society such as voluntary donations, etc.	1	2	3	4	5
1.4.	The same as a charity and voluntary initiatives.	1	2	3	4	5
1.5.	Responsibility for big business and not SMEs	1	2	3	4	5
1.6.	Initiatives that contribute to employee satisfaction and motivation.	1	2	3	4	5
1.7.	Practices that improve the business image (brand reputation).	1	2	3	4	5
1.8.	Practices that help attract customers.	1	2	3	4	5

2. Responsible and sustainable management practices implementation (3MPI)

My organisation implements responsible and sustainable management practices by:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
2.1.	Incorporating practices in its operations.	1	2	3	4	5

2.2.	Engaging in environmental awareness projects.	1	2	3	4	5
2.3.	Providing goods/ services that meet its customer needs.	1	2	3	4	5
2.4.	Providing training its employees.	1	2	3	4	5
2.5.	Implementing practices as required by law.	1	2	3	4	5
2.6.	Educating all employees about the practices	1	2	3	4	5
2.7.	Motivating everyone participating in the practices.	1	2	3	4	5
2.8.	Consulting with all the stakeholders.	1	2	3	4	5

3. **Responsible and sustainable management practices Challenges (4MPC)**

My organisation has difficulties in implementing responsible and sustainable management practices due to:		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
3.1.	Financial problems in carrying out the practices.	1	2	3	4	5
3.2.	Lack of understanding	1	2	3	4	5
3.3.	Failure to manage time	1	2	3	4	5
3.4.	Lack of human resources	1	2	3	4	5

THANK YOU!!!!!!

APPENDIX F: TURNITIN REPORT

Turnitin Originality Report

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APPENDIX G: EDITORIAL CERTIFICATION



16 September 2019

To Whom It May Concern

Editorial Certification Letter

This serves to confirm that I have edited the work of **Ms Ayanda Khumalo (210529313)** for her **Masters in Commerce (Topic: Adoption of Responsible and Sustainable Management Practices by SMEs in Pietermaritzburg, KwaZulu-Natal)**. I corrected only faults in spelling, grammar and expression and made no alterations to the content or structure of the thesis. I was a teacher of English both at secondary and tertiary levels for 50 years and now do editing occasionally.

L.E. Irvine

39 Waltdorf

771 Town Bush Rd

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