

**Small and medium-sized entrepreneur development  
within public and private collaborations**

Awore Taigbenu

Student number: 18360069

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

13 March 2019

## **Abstract**

It is widely recognised that the development of SMEs results in multiple positive outcomes, including job creation and economic growth. These outcomes benefit both the public sector and private sector. Considering these benefits to the public sector and private sector, this study aimed to determine whether the collaboration of the two sectors through PPCs could enhance the development of SMEs.

A qualitative exploratory research method founded on an inductive reasoning approach was used. 12 semi-structured interviews were held with senior experts in the fields of PPCs and SME development. These experts were members of the C-suite, executive director team and senior management in their respective organisations. Thematic analysis was used to analyse the data.

The key findings confirmed that PPCs had both the incentive and characteristics necessary to develop SMEs. They further suggested that PPCs would enhance the development of SMEs through greater interaction with other SME development programs and with the assistance of certain elements present within the macro environment. Further research to determine the effectiveness of PPCs in developing SMEs is needed.

This study enhances how the public sector, the private sector and SMEs view the concept of collaborating with one another to enhance the development of SMEs to the benefit of all parties. Given how complex such an undertaking can be, the PPS model was presented as an illustration of how this collaborative advantaged could be attained.

## **Keywords**

SME development, PPCs, Public Sponsorship

## Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

13 March 2019

---

Awore Taigbenu

---

Date

# Contents

<b>ABSTRACT .....</b>	<b>II</b>
<b>KEYWORDS.....</b>	<b>III</b>
<b>DECLARATION.....</b>	<b>IV</b>
<b>LIST OF TABLES.....</b>	<b>IX</b>
<b>LIST OF FIGURES .....</b>	<b>X</b>
<b>ACRONYMS .....</b>	<b>XI</b>
<b>CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM .....</b>	<b>1</b>
1.1    INTRODUCTION .....	1
1.2    BACKGROUND TO RESEARCH.....	1
1.2.1    SME development.....	1
1.2.2    Public Private Collaborations (PPCs) .....	2
1.2.3    The alignment between PPCs and SME development.....	4
1.3    PURPOSE STATEMENT .....	5
1.3    RESEARCH PROBLEM.....	6
1.3.1    Theoretical need for the study .....	6
1.3.2    Business need for the study.....	8
1.4    CONTRIBUTION OF THE STUDY TO THEORY AND PRACTICE .....	8
1.4.1    Contribution to theory.....	8
1.4.2    Contribution to practice .....	8
1.5    CONCLUSION .....	9
<b>CHAPTER 2: LITERATURE REVIEW .....</b>	<b>10</b>
2.1    INTRODUCTION .....	10
2.2    THEORETICAL BACKGROUND .....	10
2.2.1    Relational theories .....	10
2.2.2    Sponsorship theories .....	11
2.2.3    Conclusion on theories .....	12

2.3	LITERATURE STRUCTURE: SME DEVELOPMENT AND PPCs.....	13
2.4	SMALL AND MEDIUM SIZED ENTREPRENEURS (SMEs) .....	13
2.5	PUBLIC PRIVATE COLLABORATION (PPC) .....	17
2.6	SME DEVELOPMENT GOALS AND PPC GOALS .....	17
2.6.1	The goals of SME development.....	17
2.6.2	The goals of PPCs.....	18
2.6.3	Conclusion: Goal alignment.....	19
2.7	CHARACTERISTICS OF SME DEVELOPMENT PROGRAMS .....	19
2.7.1	Resources.....	20
2.7.2	Skills Transfer .....	23
2.7.3	Networks/Social Capital .....	24
2.8	PPCs AND SME DEVELOPMENT PROGRAMS .....	25
2.8.1	The system of SME development support programs.....	26
2.8.2	The system surrounding SME development programs and PPCs.....	28
2.9	CONCLUSION .....	35
<b>CHAPTER 3: RESEARCH QUESTIONS (RQ) .....</b>		<b>37</b>
	RQ1: WHAT ALIGNMENT EXISTS BETWEEN SME DEVELOPMENT GOALS AND PPC GOALS? .....	37
	RQ2: WHAT CHARACTERISTICS DO PPCs HAVE THAT ENABLE SME DEVELOPMENT? ....	37
	RQ3: WHAT INTERACTIONS ARE REQUIRED BETWEEN PPCs AND THE SME DEVELOPMENT PROGRAMS?.....	37
	RQ4: WHAT ENVIRONMENTS WILL IMPROVE THE EFFICACY OF SME DEVELOPMENT WITHIN PPCs?.....	38
<b>CHAPTER 4: RESEARCH METHODOLOGY .....</b>		<b>39</b>
4.1	CHOICE OF METHODOLOGY .....	39
4.1.1	Inductive study reasoning .....	40
4.2	POPULATION.....	41
4.3	UNIT OF ANALYSIS.....	42
4.4	SAMPLING METHOD AND SIZE.....	42

4.5	INTERVIEW GUIDE .....	43
4.6	DATA GATHERING PROCESS .....	44
4.7	ANALYSIS APPROACH .....	45
4.8	TRUSTWORTHINESS .....	46
4.9	LIMITATIONS .....	47
4.9.1	Period of study .....	47
4.9.2	Researcher's bias .....	47
4.9.3	Longitudinal versus cross-sectional study .....	48
4.9.4	Participant feedback: Completeness .....	48
<b>CHAPTER 5: RESULTS</b> .....	<b>49</b>	
5.1	INTRODUCTION .....	49
5.2	DESCRIPTION OF SAMPLE .....	49
5.2.1	Analysis of Sample .....	49
5.2.2	Analysis of Transcripts .....	52
5.3	RESEARCH QUESTION 1: WHAT ALIGNMENT EXISTS BETWEEN SME DEVELOPMENT GOALS AND PPC GOALS? .....	54
5.3.1	PPC and SME development goals .....	55
5.3.2	Alignment of goals .....	60
5.3.4	Misalignment of goals .....	61
5.3.4	Conclusion for research question 1 .....	61
5.4	RESEARCH QUESTION 2: WHAT CHARACTERISTICS DO PPCS HAVE THAT ENABLE SME DEVELOPMENT? .....	62
5.4.2	PPC characteristics that amplify SME development .....	63
5.4.3	Conclusion for research question 2 .....	75
5.5	ENABLING ENVIRONMENT .....	75
5.5.1	Research Question 3: What interactions are required between PPCs and SME development programs? .....	76
5.5.2	Research Question 4: What environments will improve the efficacy of SME development within PPCs? .....	81
5.6	CONCLUSION ON RESULTS .....	95

<b>CHAPTER 6: DISCUSSION OF RESULTS .....</b>	<b>96</b>
6.1 INTRODUCTION .....	96
6.2 RESEARCH QUESTION 1: WHAT ALIGNMENT EXISTS BETWEEN SME DEVELOPMENT GOALS AND PPC GOALS?.....	96
6.2.1 Goal alignment.....	96
6.2.2 Conclusion for research question 1 .....	98
6.3 RESEARCH QUESTION 2: WHAT CHARACTERISTICS DO PPCS HAVE THAT ENABLE SME DEVELOPMENT? .....	99
6.3.1 Characteristics that amplify SME development and are present in PPCs. ....	99
6.3.2 Conclusion for research question 2 .....	104
6.4 ENABLING ENVIRONMENT .....	106
6.4.1 Research Question 3: What interactions are required between PPCs and the SME development programs .....	106
6.4.2 Research Question 4: What environments will improve the efficacy of SME development within PPCs?.....	109
6.5 CONCLUSION ON DISCUSSION OF RESULTS .....	116
<b>CHAPTER 7: CONCLUSION .....</b>	<b>117</b>
7.1 INTRODUCTION .....	117
7.2 PRINCIPAL FINDINGS .....	117
7.2.1 The PPS diamond.....	117
7.3 IMPLICATIONS FOR MANAGEMENT .....	120
7.4 LIMITATIONS OF THE RESEARCH .....	121
7.4.1 Period of study.....	121
7.4.2 Researcher's bias .....	121
7.4.3 Longitudinal versus cross-sectional study .....	122
7.4.4 Participant feedback: Completeness .....	122
7.5 SUGGESTIONS FOR FUTURE RESEARCH .....	122
7.6 CONCLUSION .....	123
<b>REFERENCE LIST .....</b>	<b>124</b>



<b>APPENDICES .....</b>	<b>137</b>
APPENDIX 1: LIST OF PARTICIPANTS.....	137
APPENDIX 2: INITIAL AND REFINED INTERVIEW GUIDE.....	139
APPENDIX 3: LIST OF CODES .....	145
APPENDIX 4: INITIAL ETHICAL CLEARANCE.....	149
APPENDIX 5: FINAL ETHICAL CLEARANCE.....	150
APPENDIX 6: ENTERPRISE CONSENT FORM .....	151
APPENDIX 7: PARTICIPANT CONSENT FORM .....	153

## **List of Tables**

Table 1 - Literature on PPCs and the exploration of SMEs/entrepreneurs within PPC literature.....	14
Table 2 - Characteristics of a SME development support program versus characteristics present in prominent SME development support programs .....	28
Table 3 - The type of PPCs Participants have been involved in.....	50
Table 4 - Top 15 frequent words .....	53
Table 5 - Goals of SME development and PPCs .....	56
Table 6 - Cases of private sector actors involved in PPCs and the different goals of those PPCs .....	62
Table 7 – Characteristics that make PPCs suitable for SME development.....	62
Table 8 – Evidence of increased SME funding as a result of PPCs.....	65
Table 9 - Limited funding that PPCs offer to the SME development ecosystem.....	67
Table 10 - Contributions required from each PPC actor to enhance SME development within PPCs .....	83

Table 11 - Details of research Participants.....	137
Table 12 - Revised Research Questions and Interview Questions for public and private sector participants .....	139
Table 13 - Revised Research Questions and Interview Questions for SMEs .....	142
Table 14 - Abbreviations and acronyms in results.....	145
Table 15 - Goal alignment codes.....	145
Table 16 - PPC SME development characteristic codes.....	145
Table 17 - Overall Challenges and Missing characteristics.....	146
Table 18 - PPCs and SME development programs interaction.....	147
Table 19 - Internal, External environment and Governance considerations .....	147
Table 20 - General codes .....	148

## **List of Figures**

Figure 1 - Distribution of Participants per defined population sectors .....	51
Figure 2 - Distribution of Participants per seniority level .....	52
Figure 3 - Data saturation analysis.....	52
Figure 4 - Word cloud analysis.....	54
Figure 5 - Code to Theme development - Network of Goal alignment theme .....	60
Figure 6 - Code to Theme development - Network of Goal misalignments.....	61
Figure 7 - Code to Theory development - Public private sponsor theme network.....	63
Figure 8 - Access to funding for SMEs within PPCs.....	64
Figure 9 - Access to Markets for SMEs through PPCs.....	67

Figure 10 - Code to Theory development - Enabling Environment .....	76
Figure 11 - Interaction between PPCs and the wider SME development programs ....	77
Figure 12 - Code to Category development - Internal contributions.....	82
Figure 13 - External aspects of the economic environment surrounding PPCs that enhance SME development .....	87
Figure 14 – Symmetry of SVC and SME development within the PPC Pyramid.....	99
Figure 15 - SME development characteristics.....	105
Figure 16 - SME development within PPCs – The PPS pyramid .....	106
Figure 17 - The PPS diamond .....	109
Figure 18 - The environment surrounding the PPS diamond .....	116
Figure 19 - The complete PPS diamond .....	118

## **Acronyms**

ABAN – Africa Business Angels Network

BCD – Business Capabilities Development

B-BBEE – Broad-Based Black Economic Empowerment

BEE – Black Economic Empowerment

CEO – Chief Executive Office

COO – Chief Operations Office

DBSA – Development Bank of South Africa

DOE – Department of Energy

ECD – Early Childhood Development

ESD – Enterprise and Supplier Development

GIBS – Gordon Institute of Business Science

GDP – Gross Domestic Product

GTAC – Government Technical Advisory Centre

IDC – Industrial Development Corporation of South Africa

IPP – Independent Power Producer

MID – Market Infrastructure Development

NGO – Non-Governmental Organisations

NPO – Non-Profit Organisations

PDI – Previously Disadvantaged Individual

PIC – Public Investment Corporation

PPC – Public Private Collaboration

PPP – Public Private Partnership

SASDC – The South African Supplier Diversity Council

SEDA – Small Enterprise Development Agency

SME – Small and Medium sized Enterprises/Entrepreneurs

SMME – Small, Medium and Micro Enterprises/Entrepreneurs

SOE – State-owned Enterprise

STEAM – Science, Technology, Engineering, Arts, Mathematics

# **Chapter 1: Introduction to Research Problem**

## **1.1 Introduction**

There are several mechanisms for the development of this “economy”, but this study focuses mainly on just one. Small medium enterprise (SME) development through public and private collaborations (PPCs). Chapter one delves into understanding the importance of SME development and the evidence of its importance to the two actors highlighted earlier. Additionally, considering the aligned importance of the “economy” to the public sector and private sector, this chapter then introduces the concept of public private collaborations (PPCs) that represents an interaction between both actors and sectors. It then highlights why there’s a need to further investigate the interplay of PPCs within the confines of SME development and how this study adds value to the literature on SME development.

An interesting point raised by Welter, Baker, Audretsch and Gartner (2017) was the fact that, in the entrepreneurial field, several researchers enjoyed placing distinctions between entrepreneurs. These distinctions included formal versus informal entrepreneurship, innovative entrepreneur versus replicative entrepreneur and entrepreneur versus a small business owner. The latter distinction arising because an entrepreneur could also be a large business owner whose business scaled quickly. Welter et al. (2017) suggested that since small businesses represented a significant portion of entrepreneurs globally, in the case of a study like this excluding one from the other creates the risk of excluding a key phenomenon from the study. Therefore, any reference to SMEs and entrepreneurs in the rest of this study should be read as one and the same thing with regards to addressing the objectives of this study.

## **1.2 Background to research**

### **1.2.1 SME development**

It is widely recognised in literature that SMEs contribute positively to a variety of economic and social outcomes including job creation, poverty alleviation and economic growth (Atiase, Mahmood, Wang & Botchie, 2018; Galindo & Méndez, 2014; Mamman, Bawole, Agbebi & Alhassan, in press; Robson & Bennett, 2000; Wright, Roper, Hart & Carter, 2015). These contributions have influenced the definition of the goals of SME development by some researchers, with extensive research being performed in order to establish what these goals are. One of the key outcomes of entrepreneurship has been its ability to create social value

(Zahra & Wright, 2016). This social value creation involves more than just the generation of economic returns with a more holistic focus on the needs of society in determining this value being created (Quélin, Kivleniece & Lazzarini, 2017).

The appreciation of SMEs contributions has been present in the South African political arena for some time and further reinforced in recent times. This is exemplified by President Ramaphosa's speech in which he reiterated the importance of driving economic growth through SMEs by encouraging the private sector to support the development of black-owned SMEs as part of nation building rather than due to the legislative "whip" (Ramaphosa, 2017). This legislative whip is B-BBEE legislation that is used to assist previously disadvantaged individuals in being more involved in the economic activities of South Africa (Littlewood & Holt, 2018). This acknowledgment also extends to some of the largest economies in the world with China embracing this issue, as signified by its Prime Minister Mr Li Keqiang who, in 2015, reiterated mass entrepreneurship and innovation policy as important drivers for economic growth (Xing, Liu & Cooper, 2018).

The recognition of the importance of SMEs has convinced governments to become more involved in the development of their entrepreneurial ecosystems through the creation of policies that look to enable SME development and to overcome some of the challenges threatening their growth (Dobbs & Hamilton, 2007; Mamman et al., in press). It has further led to these governments using extensive mechanisms to develop the entrepreneurial environment within the nations they govern, mechanisms that include incubators and technology centres (Roig-Tierno, Alcazar & Ribeiro-Navarrete, 2015), provision of public grants and loans (Love & Roper, 2015) and targeted industry financing (Doh & Kim, 2014). Considering the President's encouragement to the private sector, it is worth assessing the possibility of utilising mechanisms that bring the public and private sectors together to develop the SMEs that could drive economic growth in South Africa.

### **1.2.2 Public Private Collaborations (PPCs)**

One of these mechanisms that brings public and private sectors together is called hybrid collaborations. Hybrid forms of collaboration have received growing focus within the literature in recent times (Quélin et al., 2017). They bring together actors from the three core domains of economic activity namely the public, private and social domains (Quélin et al., 2017). The actors include the government, corporates, social entrepreneurs, non-governmental organisations, civil society and many more (Quélin et al., 2017; van Tulder, Seitanidi, Crane & Brammer, 2016). Governments fall within the classification of the public sector actor whilst

other organisations tend to be grouped under the classification of private sector actor with regards to these forms of collaboration (Wong, Yeoh, Chau, Yam, Cheung & Fung, 2015). There are multiple contributions from both sectors with the public sector providing social responsibility, public accountability and local knowledge, amongst other contributions, whilst the private sector provides innovation, technical knowledge and skills and entrepreneurial attitudes (Roehrich, Lewis & George, 2014). Different classifications of hybrid forms of collaborations have appeared in the literature, with some classifying them as cross-sector partnerships (van Tulder et al., 2016), public private partnerships (PPPs) (Crispeels, Willems & Scheerlinck, 2018; Roehrich et al., 2014; Torchia, Calabrò & Morner, 2015; Villani, Greco & Phillips, 2017) and public private collaborations (PPCs) (Crispeels et al., 2018; Quélin et al., 2017).

PPPs, using their generally accepted and ring-fenced definition, are “long-term collaborative relationships between one or more firms and public bodies that combine public sector management or oversight with private partners’ resources and competencies for the direct provision of a *public good or service* [emphasis added]” (Villani et al., 2017, p. 876-877). PPCs are defined as “collaborations between private and public organizations in which partners share information, resources, or capabilities in order to achieve an outcome that could not be achieved by organizations that operate either in the public or private sector” (Crispeels et al., 2018, p. 273). PPPs appear to be partnerships that entail the public sector enlisting the services of private sector to offer public sector goods and services. PPCs appear to be more mutually beneficial collaborations. Therefore, due to the broader definition of PPCs, PPPs and cross-sector partnerships are arrangements that are also included under the domain of PPCs. Therefore, whilst PPPs have been well researched, they are limiting in scope when discussing the intricacies of PPCs, a restriction similarly highlighted by Crispeels et al. (2018). Hence understanding the formation of collaborative efforts between the public and private sectors requires a focus on the concept of PPCs, rather than the often-used PPPs.

In terms of PPCs, the research focus has been threefold (Caldwell, Roehrich & George, 2017; Crispeels et al., 2018; Roehrich et al., 2014). Firstly, there has been significant focus on understanding how the exchange of resources and knowledge occurs in a manner that enables achievement of results that wouldn’t be achieved by either the public or private sectors in their separate capacities (Crispeels et al., 2018). Secondly, there has been focus on how these two sectors (the public and private sectors), with such differing agendas/goals, can work together in these collaborative arrangements to achieve the intended outcomes (Caldwell et al., 2017). Lastly, there has been focus on the actual outcomes of these arrangements (Roehrich et al., 2014). The final focus area of the outcomes of PPCs defines the scope for

the assessment of PPCs within this research, with a specific focus on SME development. Table 1 in chapter two shows some of the PPC research performed that was identified within peer-reviewed journals and clearly indicates the limited research into the development of SMEs within the PPC field. Therefore, considering the call to action from the public sector to the private sector with regards to the development of SMEs (Ramaphosa, 2017) and considering the availability of PPCs as a vehicle that brings the public and private sectors together (Caldwell et al., 2017), it is worth exploring the concept of SME development within PPCs.

### **1.2.3 The alignment between PPCs and SME development**

There have been numerous amounts of research into mechanisms used to develop SMEs. These mechanisms are often referred to as SME development programs, and extensive research has been performed that is focused on these programs for developing SMEs which include business incubators, universities and technology centres (Lukeš, Longo & Zouhar, in press), supplier development programs (Arráiz, Henríquez & Stucchi, 2013) and accelerators (Pauwels, Clarysse, Wright & Van Hove, 2016). A key aspect of these development programs is the sponsor of the program who tends to influence the type of services performed by these programs in order to achieve their (the sponsor's) goals through the program (Lukeš et al., in press). These sponsors are numerous and include universities, governments, non-profit organisations and corporates (Lukeš et al., in press). The different sponsors bring different capabilities to these programs to enable the development of SMEs. Private sponsors, as an example, fill in the funding gaps that banks are unable to close due to their ability to raise capital, whilst government sponsors provide the access to property at beneficial rates (Lukeš et al., in press).

Some of the activities these development programs undertake include shared support services, training, mentoring, opening up markets and providing financing (Arráiz et al., 2013; Lukeš et al., in press; Pauwels et al., 2016). SME development program activities are defined by the sponsors of the program in order to achieve their goals for the program (Dutt, Hawn, Vidal, Chatterji, McGahan & Mitchell, 2016; Lukeš et al., in press). It has been determined that one of the goals of PPCs (made up of two sponsors, the public sector and the private sector) appears to be the creation of social value (Caldwell et al., 2017). Therefore, to determine if development of SMEs aligns with this PPC goal, this study will identify the goals of SME development and ascertain if there is any goal congruence between those identified goals and social value creation that incentivise the development of SMEs for PPCs as a starting point in determining the potential for PPCs to be vehicles for SME development.



### 1.3 Purpose Statement

There has been significant research presented that highlighted the outcomes of PPCs (Table 1) and there has been limited research about SMEs and SME development in the context of PPCs with Xing et al. (2018) coming close. This indicates a scarcity in literature on research that has presented of SME growth or development as an *outcome* of PPCs (table 1) and scarcity in literature on research that has delved into understanding the potential for PPCs to be a *vehicle* for SME development (table 1). Hence, the purpose of this study is to close the highlighted gaps by establishing the potential for South African public private collaborations to be vehicles that enable a better development of SMEs.

To achieve this, the overarching research question to be asked is what potential do PPCs have in becoming vehicles for SME development. The study intends to answer this research question by answering these four sub-research questions:

The first research question asks *what alignment exists between SME development goals and PPC goals*. This research question aims to determine if the goals of PPCs and SME development are similar to the extent that it can be accepted that PPCs do have an incentive to develop SMEs as part of achieving their goals, otherwise there will be no valid reason for PPCs to engage in such development activities.

The second research question asks *for the characteristics needed by a support program to enable SME development*. This research question aims to determine the key characteristics of a program that makes it a strong contributor to the development of SMEs and whether they exist within PPCs. Whilst there may be characteristics missing in PPCs the question also aims to determine the challenges hindering them from attaining those characteristics and to determine if PPCs do have the capacity to overcome those challenges to develop those characteristics.

The third research question asks about *the interaction required between PPCs and the SME development programs*. This question aims to determine the interdependencies between PPCs, and other programs focused on developing SMEs and whether such interactions can be improved.

The final research question asks *for the type of environment that will enhance SME development within PPCs*. This question aims to determine what can be contributed by all actors in the PPCs to improve SME development and at a macro level what can be added to enhance PPCs abilities to develop SMEs, as external and internal influences do have an

impact on the functioning of a program. In summary, to determine PPCs' potential for developing SMEs this study aims to determine that there is logical sense for SME development to constitute PPC activities, determine what capabilities do PPCs currently have that enable them to develop SMEs from the perspective of the study's Participants and how the greater ecosystem that SME development falls within can be enhanced to improve PPCs' capabilities for developing SMEs.

## **1.3 Research Problem**

### **1.3.1 Theoretical need for the study**

There is very limited research into SME development within or through PPCs. The most relevant literature found in relation to this context can be grouped into three categories which are the development of SMEs through PPPs, interaction between entrepreneurs and government in a collaborative effort to foster entrepreneurship and discussions of entrepreneurship in the context of social goals.

Firstly, some researchers have studied the development of SMEs but specifically within PPPs (Hussain, Farooq & Akhtar, 2012), whilst others, using public sponsorship theory as a base, focused on the use of PPPs to enable new firm growth through hands-on support that was customised for each firm (Autio & Rannikko, 2016). The former investigated PPPs as per the confined/ring-fenced definition of PPPs and, with the use of a quantitative explanatory method of study, focused solely on factors of availability of finance, improvement of technological capabilities and improvement of human resource capabilities as the characteristics present in PPPs that enabled SME development. Autio and Rannikko (2016), whilst highlighting the use of PPPs as a means to enable new firm growth, provided very limited insights into how this could occur, mainly mentioning it as a component of capacity boosting within public sponsorship theory, with capacity boosting being:

targeting high-potential new ventures with policy initiatives that are (1) highly selective; (2) emphasise strong growth motivation as a key selection criterion; (3) control milestone achievement and condition progressively more substantial and hands-on support on the achievement of specific milestones; (4) promote the exchange of experiential insights on how to effect rapid organisational growth; and (5) rely on public-private partnerships for hands-on, capacity-boosting support (p. 44).

Secondly, some researchers focused on direct interactions between entrepreneurs and public

bodies as part of their ability to enable entrepreneur development through PPPs formed between the government and the entrepreneur (Chandra & Wong, 2016; Xing et al., 2018). Chandra and Wong (2016) focused on the development of social entrepreneurs (SEs) and confirmed the benefits such SEs obtained from collaborating with government due to their alignment of social value goals. Xing et al. (2018) found that government, as institutional entrepreneurs, collaborating with returnee entrepreneurs, through PPPs, helped to nurture regional entrepreneurship. These studies show the limited level of exploratory investigation into PPCs, as per the broader definition provided above, as vehicles for developing SMEs.

Thirdly, with research focused predominantly on PPCs, there were several studies identified that hinted towards entrepreneurship without delving into the development of SMEs/entrepreneurs in the study. As an example, Quélin et al. (2017) discussed the integration of conflicting economic, social and environment agendas through PPCs in order to create social value. Table 1 provides a detailed breakdown of the limited amount of SME or entrepreneurial discussion in the PPC studies.

Quélin et al., (2017) offered a direction for future study that highlighted the direct interaction between private entrepreneurs and the public sector within a PPC context, which Xing et al. (2018) did but with a slight nuance of focusing on returnee entrepreneurs. Xing et al. (2018) acknowledged their focus on the direct collaboration between local governments and returnee entrepreneurs and highlighted that a direction to take in research that would provide further insights would be to incorporate more actors as part of public private collaborative partnerships and to understand how such partnerships can foster entrepreneurial development.

This study takes a step towards addressing this research need by expanding the definition of private actors to include those not in the public sector (including SME development programs and corporates) and understanding how they can collaborate with the public sector to enhance the development of SMEs in the South African region. It then expands on public sponsorship theory by incorporating private actors and focusing on SMEs rather than just new firms as Autio and Rannikkon (2016) had done. Using an exploratory study method, this research provides a link between SME development and PPCs through relational coordination theory (Caldwell et al., 2017), expands the potential for identifying more characteristics in PPCs that enable SME development than those Hussain et al. (2012) and Autio and Rannikkon (2016) identified in their quantitative study, highlights the importance of the interaction between PPCs and SME development programs that enhances SME development (Roig-Tierno et al., 2015) and identifies the impact the internal environment of the collaboration and the external environment to the collaboration could have on enhancing SME development within PPCs.

### **1.3.2 Business need for the study**

Within the South African context, the public sector has several goals dictated by the National Government. These goals are detailed within the National Development Plan (NDP) as the elimination of poverty, reduction in unemployment and the reduction of inequality by 2030 (Department of The Presidency, n.d.). Such goals align with the positive outcomes from the development of SMEs thereby resulting in significant government policy, especially in Sub-Saharan Africa, focused on the development of SMEs (Mamman et al., in press). Achieving the advancement of SME development has a positive impact on the economy (Ribeiro-Soriano's, 2017) which is positive for the business environment of a country.

## **1.4 Contribution of the study to theory and practice**

### **1.4.1 Contribution to theory**

This study contributes to the understanding of the development of SMEs within PPCs in several ways. Firstly, goal alignment, one of the anchors of relational coordination, is applied to align PPCs to the SME development agenda. Secondly, research has previously focused on public and private sectors in PPC literature, this study brings SMEs into the PPC arrangement. Thirdly, there are several types of support programs (or sponsorships as Amezcua, Grimes, Bradley and Wiklund (2013) indicated) assisting with the development of new firms. Using relational theory this study highlights the importance of the interaction between PPCs and SME development support programs in enhancing the development of SMEs. This study examines the public sponsorship theory related to the development of SMEs (Amezcua et al., 2013; Flynn, 1993) and goes on to expand on public sponsorship theory with two nuances. Whilst public sponsorship focuses on government interventions in making *new* firms viable businesses (Autio & Rannikko, 2016), this study focuses on the interventions of both the government and the private sector in the performance of SMEs rather than new businesses.

### **1.4.2 Contribution to practice**

Given the recognition of the importance of SMEs in the alleviation of unemployment issues, poverty issues and the enablement of economic growth (Atiase et al., 2018; Mamman et al., in press), governments have begun paying greater consideration to the SME development ecosystem and their influence on it. Considering the greater benefits of developing existing small firms rather than creating of new firms (Mamman et al., in press), this study assists

policy-makers in focusing on how to enhance SME development through the use of PPCs as a way to develop these existing small firms.

This study offered insights to public bodies on the potential of working with their private counterparts in the economic sphere to enhance the development of existing SMEs. Additionally, local private actors, with due consideration to the impact on the growth of the economy they are participants in, are also provided with insights on the potential of collaborating with their public counterparts to enhance the development of existing SMEs to enhance the economy they are participants in. Furthermore, by performing this study it provides private corporations with insights that contribute to their sustainable business agenda within the communities they operate in by offering up PPCs as a viable avenue for the development of SMEs as a means of creating social value for those communities. Lastly, even though PPCs are the vehicle focused on for SME development, SMEs are provided with insights into the role they play in ensuring that their development reaches its full potential.

## **1.5 Conclusion**

Though there was limited research relating to this study, the potential benefits of SME development (as recognised by senior individuals in governments) validated the use of an exploratory inductive study to determine the potential of PPCs as a vehicle to enhance SME development. The need for this study in literature was established based on the suggestions made by Xing et al. (2018), which were the fostering of entrepreneurship through PPCs that included more actors than the entrepreneurs the authors had investigated, and by the limited depth in investigating how the public and private sector in partnership can support SME development (Autio & Rannikko, 2018)

The literature review that follows in chapter two focuses on the two main issues of this research, namely the alignment of PPCs and SMEs through social value creation and the characteristics and conditions that potentially enable PPCs to be vehicles for SME development. The literature review is then followed by chapter three which contains the research questions developed based on both the preliminary literature review that was performed at the commencement of the study and the initial feedback received from Participants in line with an inductive research process. These research questions are then followed by an analysis of the results in chapter five, a discussion of the results in chapter six and the implications of these results for management and future research in chapter seven.

## **Chapter 2: Literature review**

### **2.1 Introduction**

The goals of developing SMEs have been widely recognised as being the enablement of the growth of the economy in a number of studies (Markman, Russo, Lumpkin, Jennings & Mair, 2016) and the alleviation of unemployment issues (Ayyagari, Demirguc-Kunt & Maksimovic, 2014). Yet, despite these positive economic outcomes, there remained a high level of SME failure as identified by several studies (Amezcuca et al., 2013; Bruwer, Coetzee & Meiring, 2017). This chapter aimed to identify synthesis the literature that would provide insights on SME development within PPCs.

To understand how the public sector and private sector could collaborate to develop SMEs within PPCs, the literature review was presented in seven steps. First, there was an introduction to the theoretical foundations that best supported the objectives of this study, namely relational coordination and public sponsorship theory. Second, there was an introduction to SME development and PPCs. This was followed by a review of some of the goals of SME development and PPCs. The fourth step entailed reviewing the characteristics of SME development programs that enhanced the development of SMEs. The fifth step was a review of the interactions between PPCs and SME development programs. The sixth step was a review of three actors within a PPC, namely the public sector, the private sector and the SME. The final step was a review of the macro-environment that advances the development of SMEs.

### **2.2 Theoretical background**

This research is anchored on two theories, namely relational theory and public sponsorship theory. Relational theory provided insights into how different partners can collaborate in order to achieve certain goals. Public sponsorship theory provided insights on the influence of public sponsors on the performance of a firm.

#### **2.2.1 Relational theories**

Two concepts of relational theory were discussed in the literature, namely relational coordination and relational capabilities.

Relational coordination was “the management of task interdependencies- carried out in the context of relationships with other group members” (Gittell, 2001, p. 471). Caldwell et al.

(2017) noted that relational coordination resulted from mutual knowledge and goal alignment. Relational coordination, on top of the safety nets of contracts, were also necessary for social value to be created in PPCs (Caldwell et al., 2017). Kotha, George and Srikanth (2013) then explained mutual knowledge as knowledge that participating parties in a partnership have in common. Vangen, Hayes and Cornforth (2015) suggested that goal alignment between partners was what provided the impetus for collaboration between those collaborative partners and enhanced coordination between partners.

Relational capability was “a firm’s capability to create, manage, and leverage the overall structure of the relationships in its network over time” (Gölgeci, Gligor, Tatoglu & Arda, 2019, p. 35). Relational capabilities were key in the ability of SMEs to build their personal networks so as to obtain the resources necessary to enhance their development and performances (Stam, Arzlanian & Elfring, 2014). Furthermore, relational capability drove partners’ perception of risk within collaborations that determined the level of knowledge transfer that the partners wanted to initiate (Schillebeeckx, Chaturvedi, George & King, 2016).

### **2.2.2 Sponsorship theories**

The review of literature on sponsorship theories revealed that management studies influenced by sponsorship theories were not prominent. Flynn (1993) highlighted the importance of sponsorship by indicating that the perception that new organisations are fundamental to a region “is enhanced by the collaboration of *public and private organizations* [emphasis added] in attempting to enhance or design an environment that is more conducive to new business formation and expansion” (p. 130). Woolly (2014) hinted at the same thing when suggesting that the combined funding of a specific field by the public and private sectors indicated a support for that field. In essence, these literatures suggested that because of the positive impact of new organisations on a region’s economy, the public and private sectors would be incentivised to collaborate to sponsor new organisations.

This theme on collaborative sponsorship had faded somewhat based on the subsequent studies to Flynn (1993). The theme had progressed to a focus on government sponsorship. Amezcua et al. (2013) referred to initiatives by governments and policy makers to create expanded resource availability to new organisations as organisational sponsorship. This sponsorship was performed in order to increase these new organisations’ survival rate. Following on from Amezcua et al. (2013), Autio and Rannikko (2016) identified public sponsorship as the promotion of new organisations by government initiatives. Autio and Rannikko (2016) highlighted that in substance public sponsorship and organisational

sponsorship were one and the same thing. A consistent theme of enhancing access to resources for new organisations appeared in the studies on public sponsorship. This reliance on others for resources fed into the concept of docility, which York, Sarasvathy and Wicks (2013) indicated entailed the entrepreneur's propensity to be influenced by those with the resources to achieve his/her vision. Jourdan and Kivleniece (2017) deviated from solely applying public sponsorship theory to new organisations by broadening its applicability to established organisations as well. The two functions consistently suggested as underpinning public sponsorship theory were buffering and bridging (Amezcuca et al., 2013; Autio & Rannikko, 2016) with Autio and Rannikko (2016) adding a third function of capacity boosting.

The buffering function involved the sheltering or protection of new organisations in a manner that enhanced their access to resources (Amezcuca et al., 2013). The bridging function involved enabling greater connectivity between new firms and important external stakeholders (Autio and Rannikko (2016). Capacity boosting was already explained in chapter one. Even though literature on sponsorship theories was scarce in management studies, the idea of the influencing power of sponsorship was highly present in the literature. Several studies suggested that SME development programs were defined by their sponsors. These programs included business incubators which had different types of sponsors that included private incubators, academic/university incubators, government incubators, NGO incubators and virtual incubators (Dutt et al., 2016; Lukeš et al., in press). The same thing applied to accelerator programs. Three popular classifications for accelerators were venture capital accelerators, corporate accelerators and public/government accelerators (Pauwels et al., 2016).

### **2.2.3 Conclusion on theories**

Jourdan and Kivleniece's (2017) broadening of the application of public sponsorship theory to include its impact on established firms suggested that there was a possibility the same theory could be broadened further and applied to SMEs. Furthermore, this study reverted back to Flynn's (1993) suggestion of a combined public private sponsorship concept as part of the process of understanding SME development within PPCs. A consistent thread was identified between relational capability and public sponsorship theory that benefited organisations. This the key aspect of enhancing access to resources for resource-deprived organisations such as SMEs (Amezcuca et al., 2013; Stam et al., 2014) that underpinned both theories. Lastly, the importance of relational coordination and relational capabilities to the functioning of PPCs so as to enable them to be successful was vital to study considering the objective of understanding whether SMEs can be developed successfully within PPCs.



## **2.3 Literature structure: SME development and PPCs**

Table 1 below highlights the literature identified from peer-reviewed journals performed on PPCs and the outcomes out of those studies. There were a limited number of studies that discussed the development of SMEs within PPC arrangements. As identified in chapter one, Xing et al. (2018) provided the closest alignment to the objectives of this study, with a nuanced determination of the mechanisms by which local government, as an institutional entrepreneur, partnered with private and returnee entrepreneurs to foster regional entrepreneurship.

## **2.4 Small and Medium sized entrepreneurs (SMEs)**

The research on SME and entrepreneurship and their related policy enactment in Africa has intensified due to increasing acknowledgement of its importance to alleviate social ills such as unemployment and lack of economic growth (Atiase et al., 2018; Mamman et al., in press). However, not all aspects about SMEs are positive. There were areas in which entrepreneurs were known to be detrimental to society. These included their propensity to resist technological change due to its price tag, exploitation of workers to amass wealth, creating economic stagnation through nefarious means of accumulating wealth as a result of their political influence and the abuse of the environment (sometimes to irreversible levels) to gain margin advantages (Zahra & Wright, 2016). Hence the distinction between productive and destructive types of entrepreneurship (Acs, Boardman & McNeely, 2013).

Despite the known importance of SMEs, they still faced significant struggles to gain access to resources thereby rendering their survival highly hazardous (Autio & Rannikko, 2016) as confirmed by the SME failure rate of between 70% and 80% in South Africa (within a period of three years in some estimates) (Bruwer et al., 2017). A key argument within the SME field involved some researchers arguing for the creation of new SMEs whilst others argued for the expansion of existing firms (Mamman et al., in press). The latter was preferred due to its greater positive influence on job creation (Mamman et al., in press). Mamman et al. (in press) unpacked four distinct types of policies enacted in the developed world targeted at SMEs. These were policies focused on job creation through start-ups, policies targeting a specific population group (such as the marginalised population) exemplified by black empowerment legislation in South Africa and the support of racial-minorities' entrepreneurial endeavours in developed countries (Littlewood & Holt, 2018; Neville, Forrester, O'Toole & Riding, 2018), policies focused on new firm creation through the reduction in time and costs of starting a business and lastly, policies focused on instituting a culture of entrepreneurship, with the latter two being very successful in South Korea and Israel (Zahra & Wright, 2016).

**Table 1 - Literature on PPCs and the exploration of SMEs/entrepreneurs within PPC literature**

<b>Authors</b>	<b>Year</b>	<b>PPC Type</b>	<b>Industry</b>	<b>Method</b>	<b>Objectives</b>	<b>Research outcomes</b>	<b>SME/entrepreneur discussion</b>
Roehrich, J. K., Lewis, M. A., & George, G.	2014	PPPs	Healthcare	Systematic literature review	Determine, through systematic literature review, the state of PPP research	Roehrich et al. (2014) highlighted incoherent outcomes:  Positive – increased efficiencies, more focus on public services  Negatives – High transaction costs, limited innovation and imbalance between contractor capacity and project size	None
Reynaers, A. M., & Grimmelikhuijsen, S.	2015	PPPs	Not specific	Multiple Case study	Assessment of the extent to which PPPs provide internal transparency	Reynaers and Grimmelikhuijsen (2015) suggested that transparency may not be as significant a problem in PPPs as anticipated but that ambiguity in output specifications have hindered transparency and should be catered for.	None
Wong, E. L., Yeoh, E. K., Chau, P. Y., Yam, C. H., Cheung, A. W., & Fung, H.	2015	PPPs	Healthcare	Realist Evaluation  <b>Data</b> a) Semi-structured Interviews a. Government b. For Profit c. NPO	Evaluating the introduction of PPPs in Hong Kong, the practice of PPPs, the influence of structural components on stakeholder	Wong et al. (2015) highlighted the following:  Positives – Increased exposure in the market for private actors resulting high commitment from private actors  Negatives – lack of coordination in the public sector, lack of technical	None

				d. Patient groups e. Patient support groups b) Secondary data	actions and	expertise and high transaction costs all resulting in low commitment from actors.	
Quélin, B. V., Kivleniece, I., & Lazzarini, S.	2017	PPCs	Not specific	Special Issue: Literature review	Deepen understanding of how hybrid collaborations create social value	Quélin et al. (2017) developed a framework that includes key theoretical mechanisms of social value creation in different hybrid arrangements.	Social entrepreneurs merging the conflicting aspect of addressing social issues and achieving commercial logics
Caldwell, N. D., Roehrich, J. K., & George, G.	2017		Healthcare	Multiple Case study	Understanding the collaboration required between the public and private sectors to create social value	Caldwell et al. (2017) identified the elements of relational coordination (impacted by the level of experience at which it is applied) and the level of professional embeddedness as contributors to creation of social value in PPCs	None
Villani, E., Greco, L., & Phillips, N.	2017	PPPs	Healthcare	Comparative Case Study	Development of theoretical model highlighting how effective business model design can bridge the differing logics and create stakeholder value	Villani et al. (2017) concluded that value is created in PPPs when; the assets of networking, project financing, long-term technology commitment and complementary core skills; the processes of co-operative bargaining, partnership loyalty and knowledge sharing; and governance composed of risk mitigation planning, government-led legal framework and integrative	None

						leadership are all present.	
Xing, Y., Liu, Y., & Cooper, S. C. L.	2018	PPPs	Entrepreneurship	<ul style="list-style-type: none"> <li>a) Historical case study analysis</li> <li>b) In-depth interviews</li> <li>c) Archival report analysis</li> </ul>	To understand the mechanisms by which local government as an institutional entrepreneur fosters regional entrepreneurship through entrepreneurial PPPs	Xing et al. (2018) identified that local government can be institutional entrepreneurs in China, and through PPPs with private entrepreneurs (especially returnee entrepreneurs) they fostered economic development using mechanisms of new established institutional arrangements and advocating diffusion that brought in other actors to support this fostering process.	Yes. Their ability to contribute to fostering entrepreneurship through PPPs with local government as an institutional entrepreneur.

Source: Author's synthesis of literature

## **2.5 Public Private Collaboration (PPC)**

PPCs were defined in chapter one. The studies of PPCs ranged from assessments of collaboration between public and private sector actors to collaborations that included non-profit actors (termed cross-sector partnerships) (van Tulder et al, 2016). The investigation of the outcomes of PPCs in literature had been extensive, with such outcomes being either positive or negative. Some examples of negative outcomes included the reduced number of innovations (Caldwell et al., 2017) that occurred in PPPs and the inadequate contractor capacity in comparison to the size of the project on some projects (Roehrich et al., 2014).

It was acknowledged that challenges do exist with regards to creating social value through these forms of hybrid arrangements (Quélin et al., 2017). Villani et al. (2017) highlighted the potential hindrance when discussing the difficulty of managing differing interests contained amongst PPP's diverse collaborators in order to create solutions of value, which is inclusive of value to SMEs in this research context.

## **2.6 SME development goals and PPC goals**

Goal alignment between partners was what provided the impetus for collaboration between those collaborative partners (Vangen et al., 2015). Goal alignment resulted in relational coordination, which in turn led to social value creation (SVC) (Caldwell et al., 2017). This was a key statement as it provided the foundation for understanding how SME development could form an integral part of PPCs.

### **2.6.1 The goals of SME development**

There were multiple goals of SME development identified in the literature. The two most popular goals identified were discussed in detail below. These were the goals of job creation and revitalisation of the economy.

#### **2.6.1.1 Job creation**

The introductory passages of most studies reviewing SME growth, performance and development, noted the ability of SMEs to contribute to the alleviation of unemployment issues as a critical outcome of SME development (Ayyagari et al., 2014; Cravo & Piza, 2018; Zahra & Wright, 2016). The majority of jobs created in the United Kingdom were shown to come from SMEs (Wright et al., 2015) and SMEs were shown to be important to the employment sector

in the U.S.A (Ayyagari et al., 2014). These examples highlighted the importance of job creation through SME development in the developed economies. Ayyagari et al. (2014) also suggested that SMEs were vital for job creation in developing countries. The expected benefit of job creation from supporting entrepreneurial activity had led to government sponsorship of SME development programs such as business incubators in order to increase the number of SMEs so as to achieve increased job creation (Amezcuca et al., 2013).

### **2.6.1.2 Economic revitalisation**

A significant portion of the literature on SMEs highlighted SMEs' contribution to the improvement of the economic conditions of a region (Markman et al., 2016; Wright et al., 2015; Zahra & Wright, 2016). Ribeiro-Soriano's (2017) literature review identified small businesses as contributors to the transformation of communities and the driving force of economic growth, which led to governments utilising investments in SMEs as one of the mechanisms to positively affect the economy. Mamman et al. (in press) identified how the developed nations created entrepreneurial policy to enhance the entrepreneurial culture in order to enable economic growth through the *expansion* of the private sector (through an increased number of SMEs), policies that were subsequently implemented by African governments.

### **2.6.2 The goals of PPCs**

There were several PPC goals highlighted by researchers. These included job creation, incentives for innovation and educational development (Roehrich et al., 2014). The transfer of risk from the public sector to the private sector was another goal identified (Roehrich et al., 2014), though it was not about maximizing this risk transfer but rather to allocate risk to the parties best able to handle the risk (Curtain & Betts (2017). This was confirmed by Burke and Demirag (2017) who argued that risk transfer was not actually as important a goal as the achievement of the appropriate allocation of risk between all stakeholders in order to achieve a successful PPP.

The most consistent goal of PPCs involved solving for social, economic and environmental problems. This had become an essential purpose for the creation of collaborative efforts between different economic and social sectors (van Tulder et al., 2016). There were three types of value creation identified as goals of PPCs and these were social value, blended value and shared value (Quélin et al., 2017). Ultimately, social value creation (SVC) was the predominant goal for PPCs as per the literature reviewed. Social value was created within

PPCs when positive outcomes for society were generated that could not be created by either actor in a PPC (public sector actor or private sector actor) in their separate capacities (Caldwell et al., 2017; Crispeels et al., 2018). Kroeger and Weber (2014) further defined social value as created when there was “positive change, initiated by a social intervention, in the subject well-being of disadvantaged individuals” (p. 49).

### **2.6.3 Conclusion: Goal alignment**

There was limited literature identified that highlighted SME development as a goal of PPCs. However, when the dominant PPC goal of social value creation was considered, along with one of the elements of relational coordination, goal alignment, then it became possible to justify that SME development was a PPC goal. The following logic was applied to reach that conclusion. Social value is created when a positive social outcome is achieved that could not have been achieved by either PPC actor in their separate capacity (Caldwell et al., 2017). Revitalisation of the economy did not fit that criteria as the private sector could also contribute to the growth of the economy. However, job creation did fit within the SVC criteria as the public and private sectors were struggling to provide the jobs. Therefore, if achieving one of the most significant goals of SME development was also creating social value, then it could be concluded that SME development was aligned with the goal of PPCs and hence SME development was a PPC goal.

## **2.7 Characteristics of SME development programs**

When assessing what it meant to develop SMEs there were several variables/factors that could be considered due to the uniqueness of each small company’s growth path (Dobbs & Hamilton, 2007). Even though these factors were extensive (Dobbs & Hamilton, 2007), it was still beneficial to ascertain the most effective characteristics for SME development. Furthermore, Cravo and Piza (2018) introduced the fact that the many hindrances to SMEs achieving their full potential of profits, economic growth and job creation are the driving force for the SME development agenda.

The difficulties SMEs faced in developing countries had resulted in SMEs receiving financial resource allocations (Cravo & Piza, 2018) and training (Martin et al., 2013) from the public sector and development programs as part of their development. However, Mamman et al. (in press) countered this by suggesting the focus on financial resourcing is overexaggerated in sub-Saharan Africa. Geneste and Galvin (2015) identified access to external knowledge as a

key aspect to the development of the SME. Furthermore, there was still limited evidence qualifying the positive impact of entrepreneurial training on SME development (Martin et al., 2013). Dutt et al. (2016) suggested that the provision of business services and facilities by development programs contributed significantly to SME development. Some of these services provided included financial services and internal networks and external networks (Lukeš et al., in press; Rubin et al., 2015) and access to markets (Arráiz et al., 2013).

In summary, the extensive review of the SME development landscape identified four main characteristics that were essential. These were access to resources that comprised financial and market resources (Arráiz et al., 2013; Lukeš et al., in press), access to training and networks (Lukeš et al., in press) which led to access to external knowledge (Geneste & Galvin, 2015). The researcher therefore focused on understanding the literature on the characteristics of providing access to resources, access to networks and skills acquisition/training.

### **2.7.1 Resources**

The fragility of new enterprises had led to policy-makers working hard on finding ways of multiplying the access to resources available to these businesses in order to enable their development and sustainability (Amezcuca et al., 2013). Frustratingly, these authors fell into the category of researchers who discussed the resource dependency theory without expanding on the exact type of resources that helped firms survive. Fortunately, Semrau and Werner (2014) assisted with some broad categorisation of resources by developing three distinct categories of financial capital (funding), access to business (market access) and information and knowledge. Alternatively, Spigel (2017) identified arguments by others suggesting access to markets, access to finance, access to mentorship and support systems, available human capital and strong policies as the cornerstones of entrepreneurship. Consistently, access to funding and markets were identified as key resources for SME development, leading to the discussion of the literature on these two resources below.

#### **2.7.1.1 Resources: Funding**

##### **a) Information sharing**

Information sharing, or reduction of information asymmetries as some would call it, was found to help reduce barriers to financing as well as its associated costs (Drinkwater, Lashley & Robinson, 2018). Wright et al. (2015) suggested that a lack of awareness on the part of SMEs was a contributing factor to their inability to access funding, especially from alternative sources



such as crowd-funding. Wright et al. (2015) further suggested the use of different forms of interventions to counter this problem, such as the one-stop shop approach already being employed by some banks to improve the access to information and advice on funding sources. The importance of information sharing was highlighted by Xiang, Worthington and Higgs (2015) who suggested that SMEs were the most discouraged finance-seeking type of firms in the market. Methods for countering this discouragement included post financing application counselling and provision of pre-application guidance (Xiang, Worthington & Higgs, 2015).

#### **b) Entrepreneurs capabilities**

Researchers suggested that financing to SMEs should be complemented by the presence of other elements such as an entrepreneurial mentality and approach towards the use of the finance in a manner that achieves positive results. (Atiase et al., 2018; Pergelova & Angulo-Ruiz, 2014). A key aspect to an entrepreneur's access to funding was the entrepreneur's social capital which required the entrepreneur's careful and purposeful management of his/her networks (Jonsson & Lindbergh, 2013). In relation to the relational aspect of social capital, entrepreneurs who developed relational embedded ties with funders increased their access to venture capital and funding from banks through the creation of non-contractual governance arrangements of reciprocity and trust (Jonsson & Lindbergh, 2013).

#### **c) Public and Private sector influences**

Support from government in the form of policies that provided access to finance through guarantees and equity provided competitive advantage to new businesses (Pergelova & Angulo-Ruiz, 2014). Cravo and Piza (2018) suggested that matching funds, which were funds directed to achieve the explicit goals of the funder, had a positive impact on the performance/development of SMEs. SME development programs enhanced SMEs' access to funding as they offered legitimacy to the SMEs due their screening processes that ensured that investors' interests would be piqued upon their (SMEs) graduation (Kim & Wagman, 2014). Since the combination of public sector and private sector funding indicated backing for a specific field (Woolley, 2014), it could be argued that funding from both sectors could provide legitimacy to SME development. However, evidence from China's venture capital (VC) environment suggested that when the government and the private sector combine financial resources for the benefit of entrepreneurial endeavours, the results were worse than those sponsored solely by the private sector (Zhang, 2018). Zhang (2018) attributed these results to the relaxation on selection policies by the private sector due to reduced risk as a result of

government involvement.

### **2.7.1.2 Resources: Access to Markets**

It was stated that “product market access is one of the three key building blocks required for launching successful small businesses” (Shelton & Minniti, 2018, p. 481). One aspect of firm growth with regards to product market access and as part of its development, is its expansion into new geographic markets, both locally and internationally (Naldi & Davidsson, 2014).

#### **a) Public sector and Private sector**

In terms of access to local markets one of the most significant procurement entities in an economy is government (Preuss, 2011). All industries of an economy are affected by public sector procurement (Reijonen, Tammi & Saastamoinen, 2016), thereby expanding the range of markets open to SMEs who target public procurement. This opportunity could be invalidated at times by the immense effort SMEs are required to put in to meet the regulatory requirements and to abide by the due processes/procedures (Reijonen et al., 2016). The importance of public procurement in leveraging greater social and economic inclusion through providing opportunities to under-represented groups has been well noted in the literature (Woldesenbet & Worthington, in press). A key aspect of some public procurement policies is the provision of resources by governments to shelter young firms in the form of privileged access to government contracts, referred to as buffering (Autio & Rannikko, 2016) and is present in South Africa in the form of prescribed minimum levels of subcontracting (30%) to black enterprise SMMEs in PPP contracts (Department: National Treasury, 2004).

With regards to the private sector, Woldesenbet, Ram and Jones (2012) highlighted the difficulty that small businesses faced in the supply chain of large purchasing organisations (LPO) that entailed the challenge of establishing a reciprocal knowledge sharing affiliation with the LPO that could assist in increasing their performance. To counteract this difficulty, the concept of preferential procurement has been utilised by government and commercial agents to expand access to product markets for under-represented entrepreneurs (Shelton & Minniti, 2018). Preferential procurement programs offer several general benefits that include providing a base to expand their markets and grow the business, even to the point, in some circumstances, when these programs are discontinued (Shelton & Minniti, 2018).

#### **b) Internationalisation**

Access to international markets entailed a firm's involvement in export activities with strong evidence suggesting that exporting resulted in the growth of SMEs at a pace that was twice as fast as that of their non-exporting counterparts (Love & Roper, 2015). Key to this faster growth rate for SMEs was the knowledge acquisition that occurred when there was expansion into international markets (Naldi & Davidsson, 2014). This was due to the fact that by acquiring knowledge abroad SMEs then had the ability to perform tasks differently and realise different results as compared to their counterparts who had not (Naldi & Davidsson, 2014). This did not discount the difficulty of exporting for SMEs as a result of both their smaller size and the fact that they were foreigners in those international markets (Li, Li, Goerzen, & Shi, 2018).

## **2.7.2 Skills Transfer**

### **2.7.2.1 Training**

Some researchers had argued that the effectiveness of entrepreneurship programs in developing countries was amplified when vocational and business training, and not financial training, was implemented (Cho & Honorati, 2014). Whilst training (such as vocational training) is closer to the real business operating setting of an SME and would be expected to be more important than classroom training, Martin et al. (2013) suggested that this was not the case and that there was not much more of a significant influence of training-focused entrepreneurship education and training (EET) on starting a business as compared to the academic-focused EET.

### **2.7.2.2 Experiential Knowledge**

Experiential learning (EL) is defined as "entrepreneur's past experience of conducting business activities" (Liu, Wright & Filatotchev, 2015, p. 468) and is similar to vicarious learning (VL) which is defined as "learning by observing, whereby entrepreneurs learn from other firms' business experience, best practice and advanced technology, and obtain external knowledge within their industry and across national borders" (Liu et al., 2015, p. 468). EL was the active aspect of learning and provided advantage to those looking to exploit established markets, whilst VL provided advantages to those in unfamiliar circumstances by enabling them to apply aspects of successful outcomes previously observed (Holcomb, Duane Ireland, Michael Holmes & Hitt, 2009). Whilst EL had been viewed as providing advantages that enabled the development and growth of small businesses, Gottschalk, Greene and Müller (2017) provided a recent counter-argument that EL did not necessarily provide the ability to unravel the

multiplicity of different causes for good SME performances, thereby resulting in negative performance and development of SMEs still occurring, which may also have provided a contributory explanation to the high entrepreneurial failure rates.

Practically, Woldesenbet et al. (2012) identified the experience of supplying to LPOs that resulted in the benefits of increased learning for some small businesses, learning that ranged from encouraging innovation to the modernisation of these businesses. Additionally, in public procurement, the involvement in the tendering process, whether bids were won or lost, provided significant experience that was expected to improve future bids, in essence, the concept of learning from one's failures (Flynn & Davids, 2017). A link between EL and internationalisation was made when Liu et al. (2015) further highlighted the fact that past experience improved the capabilities of small business owners and, furthermore, the combination of experiential and vicarious learning in international markets provided significant competitive advantage for SMEs. An extensive review of the literature ascertained that this context of internationalisation provided the focus area for an extensive number of studies on experiential learning/knowledge (Hilmersson, 2014); Liu et al., 2015)

### **2.7.3 Networks/Social Capital**

The importance of social networks for the growth of SMEs was linked to the ability to obtain the resources necessary to be increasingly active economically, with greater shared identity shown to positively increase the accumulation of resources and the related costs (Khayesi, George & Antonakis, 2014). In relation to PPCs, Amezcua et al. (2013) highlighted how sponsorship (public or organisational) increased a firm's social capital by augmenting the quality and quantity of relationships between new firms and other firms. However, whilst network size increments and the enhancement of the quality of those networks were shown to increase resource access, there was a limitation to the speed of this resource access with the speed diminishing over time (Semrau & Werner, 2014).

Some literature had ascertained that access to a broad list of contacts who open doors to opportunities are necessary for the growth of new firms, with the complementary provision of bridging services (active networking and experiential knowledge exchange within programs) enhancing the growth potential of those new firms (Autio & Rannikko, 2016). This was corroborated by evidence that suggested that bridging forms of social capital enhanced the performance of SMEs (Stam et al., 2014). However, the broadness of an SME's contact list could detract from the quality of that list, which Semrau and Werner (2014) suggested was

more important in generating resource access, with such quality development involving spending time with the network contacts so as to develop trust, efficient resource swap and mutual knowledge.

Stam et al. (2014) countered the preceding argument by introducing two dimensions of social capital that improved small firm performance, namely *weak ties*, which are ties that overlap a person's close personal group, have reduced emotional attachments involved and are driven by the entrepreneur's legitimacy, and *network diversity*, which are ties with persons at different social ranks and from different backgrounds. Semrau and Werner (2014) further highlighted the greater number of networks required for funding and market access resources compared to other resources. Whilst strength, size and spread of networks were considered, Partanen, Kauppila, Sepulveda and Gabrielsson (in press) introduced the dimension of strategy with regards to *network identity*, which was "the firm's attractiveness as a partner based on its existing relationships" (p. 2), that had three research contributions. These were; strong network identity resulted in subsequent increased performance, the resultant strong reputation allowed SMEs to punch above their weight with prestigious partners resulting in doors being opened to more resources and the application of carefully considered strategic thinking to network resource exchange has a positive impact on the *long-term* performance of the small firm.

The above insights could be applicable to both interactions with small firms and large firms, though it is acknowledged that with the different power dynamics with large firms, the latter tended to be more difficult (Bengtsson & Johansson, 2014). Bengtsson and Johansson (2014) did however suggest ways for SMEs to enhance business opportunities through collaboration with large firms. These included collaboration with large firms to provide legitimacy in entering and growing the market, followed by role flexibility which involved balancing the cooperative and competitive roles of the small and large firms to ensure SMEs continued benefiting from opportunities and finally the development of relationship portfolios to increase role agility to avoid over-dependence on another firm and allow maintenance and windup with partners when necessary (Bengtsson & Johansson, 2014).

## **2.8 PPCs and SME development programs**

Roig-Tierno et al. (2015) suggested that the growth of young innovative companies was best achieved when multiple innovative entrepreneurship support programs were used in combination rather than in isolation. This was the foundation for assessing whether greater

collaboration between SME development programs enhanced SME development.

### **2.8.1 The system of SME development support programs**

There have been numerous studies of multiple forms of business development support programs (Arráiz et al., 2013; Pauwels et al., 2016; Rubin et al., 2015). Understanding their attributes required an extensive literature review of three SME development support programs used in place in South Africa. This review included their reasons for coming into being and the attributes that define their presence in the SME development ecosystem. These were then analysed against the characteristics highlighted in section 2.7 of a strong SME development support program to determine their contribution to overall SME development.

#### **2.8.1.1 Business Incubators**

The first type of SME development program that was assessed was a business incubator. The increased prevalence of business incubators was partly as a result of the “generalist approach policy” which were policies focused on lowering barriers to entry and lowering hazards that lead to exit so as to boost new firm creation (Autio & Rannikko, 2016). Ultimately mechanisms for development of SMEs within business incubators can be categorised as being either bridging mechanisms or buffering mechanisms (Amezcuca et al., 2013). The former focused on connectivity and the latter on sheltering.

The activities performed by business incubators are numerous and include a sheltered environment at low cost (shared office space), shared support services (help reduce overheads), training (business and marketing plans development), mentoring, financial services and internal networks and external networks (Lukeš et al., in press; Rubin et al., 2015). Theodorakopoulos, Kakabadse and McGowan (2014) identified the broad categories of business incubators’ success factors to include their selection policy, their exit policy, the shared resources and office space, incubator manager competencies, incubator manager-incubatee relationship, monitoring performance, networking and access to funding.

#### **2.8.1.2 Enterprise and Supplier Development (ESD)**

Another SME development support program was ESD programs. There have been multiple purposes for the establishment of the SD portion of ESD, with the greatest being its strategic value to customers, who use SD to improve quality of deliveries, improve costs and improve technical capabilities, all on the suppliers’ side (Nagati, & Rebolledo, 2013).

Whilst SD's purposes have not changed, its ability to provide suppliers with access to markets in the form of suppliers to large firms had enabled the development of policies targeted at using SDs as avenues for SME development/growth (Arráiz et al., 2013). However, challenges faced by such programs relate to the large firms' distrust of these SMEs due to their limited experience, resources (human and financial) and much more (Arráiz et al., 2013). There have been positive outcomes for SMEs from ESD programs in countries such as Chile (Arráiz et al., 2013) and South Africa (Littlewood & Holt, 2018) in the form of increased employment and sales, improved sustainability and increased development funding, all contributing to their growth. In South Africa, in alignment with policies to enable the growth and development of marginalised SMEs as discussed in section 2.8.2.2a, Enterprise and Supplier development B-BBEE points (which gave the large firms preferential treatment in public sector tenders based on points ranking) were given to large firms who invested in developing their PDI SME suppliers as part of ESD programs (Littlewood & Holt, 2018).

### **2.8.1.3 Accelerators**

The final one of several SME development programs to be reviewed is an accelerator. Three key classifications of accelerators include the deal-flow maker focused on accumulating funding from investors to identify start-ups for this money, ecosystem builder that focuses on linking corporate interests/stakeholders to start-ups thereby creating a mutually beneficial ecosystem for all and finally welfare stimulators that are focused on invigorating start-up activity for economic development and typically sponsored by government agencies (Pauwels et al., 2016).

On top of this there are no sheltering services offered, whilst equity funding and business development through rigorous mentoring and networking opportunities are offered (Pauwels et al., 2016). Of the five key elements defining the accelerator model and differentiating it from the normal incubator model, three appear more focused on the development of the incubates, namely the program's package that is highly focused on mentoring and counselling, multi-staged selection processes and alumni relations that allows a tap into the benefits of experiential knowledge (Pauwels et al., 2016). The selection process is key as it is a signal to investors about the start-ups that are ready to be invested in upon graduation from the program, termed the "certification role" (Kim & Wagman, 2016).

### 2.8.1.4 Conclusion

The literature on the popular SME development programs investigated identified several contributions that they make to the SME development. Business incubators contributed a sheltered environment at low cost, shared support services, training, mentoring, financial services, internal networks and external networks, whilst the key aspects of their success, amongst several others, included their selection policy, their exit policy, incubator manager competencies, incubator manager-incubatee relationship, monitoring performance, networking and access to funding. ESD programs contributed access to markets for SMEs. Accelerators contributed equity funding, business development through rigorous mentoring and networking opportunities, counselling, multi-staged selection processes and alumni relations. Table 2 is a comparison between what is offered by the SME development support programs and the characteristics/attributes required to be present to enable the enhancement of SME development. It showed that some of these SME development programs had gaps in their offerings.

**Table 2 - Characteristics of a SME development support program versus characteristics present in prominent SME development support programs**

SME development support program	SME development characteristics identified in Literature			
	Funding	Market Access	Networks	Skills transfer
Business Incubators	✗	✗	✓	✗
ESD Programs	✗	✓	✓	✓
Accelerators	✓	✗	✓	✗

## 2.8.2 The system surrounding SME development programs and PPCs

### 2.8.2.1 Analysis of the three actors within a PPC

There were three participants involved within the PPC when discussing SME development within PPCs. These were public sector participants, private sector participants and SMEs. Below is an assessment of their characteristics and their impact in creating an enabling environment for SME development within PPCs.

#### a) SMEs

The evidence of the potential influencing power of SMEs on their environment is exemplified



in the Silicon Valley case where entrepreneurs' activities were a contributing factor in the development of an environment that promoted entrepreneurship and resulted in regular reinforcements, through these activities, that magnified the impact (Autio, Kenney, Mustar, Siegel & Wright, 2014).

The entrepreneurial mindset is based on *values* of taking risks, proactiveness and innovativeness, which allow the SME to identify and exploit market opportunities by bringing together available resources that promote strong branding and create a competitive advantage that results in its growth (Eggers, O'Dwyer, Kraus, Vallaster & Guldenberg, 2013). In the case of exploiting market opportunities from both the public and private sectors, the influence of SMEs is strengthened through a focus on improving their relational (interacting) and procedural (administrative) tendering capabilities through the development of clear strategies for engaging the public sector (and it can be assumed private sector as well) that requires understanding of the buyers' needs and assessment criteria which will then enhance their development within PPCs (Flynn & Davids, 2017). Furthermore, confidence aside, SMEs needed to be able to deliver as required by the contract as that tended to lead to new business opportunities in the future (Flynn & Davids, 2017). To enable this entrepreneurial proactiveness an entrepreneurial passion for long periods was necessary and this elongated passion was underpinned by the entrepreneurial self-efficacy that enabled the growth of SMEs (Gielnik, Uy, Funken & Bischoff, 2017).

Collaboration between SMEs was extensively recognised in the literature as beneficial to the SMEs, especially due to its benefits of resource accumulation to gain a competitive advantage (Bengtsson & Johansson, 2014; Kusa, Marques & Navarrete, 2019; Yoo, Sawyerr & Tan, 2016). With regards to collaborating with larger firms, SMEs had a disadvantage of smallness that they needed to overcome in a competitive environment and one of the mechanisms to do this was co-competition (Bengtsson & Johansson, 2014). Bengtsson and Johansson (2014) further highlighted suggestions in the literature that collaboration between competing small businesses created greater value and better positioning than collaboration with larger businesses due to the imbalanced power dynamics with the latter. This small firm collaboration results in greater innovation. In discussing the need for collaboration amongst SMEs, who have complementary resources, so as to overcome the disadvantage of smallness, Yoo et al. (2016) highlighted the importance of alliance learning, which is organisational learning within alliance arrangements. Yoo et al. (2016) confirmed the three determinants of alliance learning as the desire to learn, the capacity to learn and the relational capital through trust in interactions between the SMEs, with the desire to learn being the vital antecedent to the other

two, whilst strong relational ties provided the stronger enhancement to alliance learning that enabled greater benefits from the SMEs' collaboration.

#### **b) Public sector**

Some researchers have indicated that some public sector procurement channels demand more innovation from SMEs than private actors and hence enhance the innovativeness of SMEs (Saastamoinen, Reijonen & Tammi, 2018). Lazzarini (2015) suggested that government was at the forefront of determining the performance of firms.

#### **c) Private sector**

There was limited literature discussing the contribution that the private sector makes to the development of SMEs. Expanding the search of literature to multiple areas where government presence and private sector presence are contrasted produced some interesting insights. For example, in the area of financing in the European region, firms backed by government VCs tended to have worse productivity and efficiencies than firms backed by private VCs (Alperovych, Hübner & Lobet, 2015).

### **2.8.2.2 The external environment of SME development**

Entrepreneurial development from a new firm to mature growth firm is not based solely on the strength of the entrepreneur but is also strongly influenced by environment/ecosystem (Acs, Autio & Szerb, 2014). Reinforcing the importance of understanding the environment (founding conditions) necessary for new firm development, Stinchcombe's 1965 study about the social conditions for organisational success identified that "founding conditions are generally less conducive to new organizations due to the challenges involved in establishing necessary resources and social relationships while simultaneously navigating a competitive landscape of incumbent organizations" (Amezcuca et al., 2013, p. 1631). Literature on the ecosystem within which SMEs can thrive has gained momentum when discussed in a developing country context and has resulted in discussions about the impact of the policy environment (Mamman et al., in press), educational environment (Martin et al., 2013) and the quality of institutions (Atiase et al., 2018).

#### **a) Policy environment**

Lundström et al. (2014) highlighted the radical increase in small business policy measures over the period 1946 to 2006 as part of their introduction to discussing the cost of such policies

to taxpayers. Public sector intervention has been critical in supporting SME development and has been classified into two groups of interventions, direct and indirect (Cravo & Piza, 2018). The need for public policy intervention arises when market failure (similar to the limitations of the private sector in generating jobs) exists and social good can be generated (Autio & Rannikko, 2016), whilst Cravo and Pine (2018) suggest that both market and institutional failures are impediments to the development of SMEs. However, whilst the need for government policy targeted at SMEs has been discussed extensively, problems have remained in relation to the quality of the policies created and the evaluation processes in place to assess the effectiveness of the policies (Arshed, Carter & Mason, 2014). Another aspect that should be considered is the interaction between policy functions. Whilst most nations' entrepreneurial policy functions are often siloed with limited coordination (Acs et al., 2014), in Finland the presence of a comparatively limited number of policy agencies that were centralised contributed to their claim of being the leaders in high-growth entrepreneurship policy (Autio & Rannikko, 2016). However, the variables of the relatively small size and homogeneity of the country could not be discounted as influencing factors.

### **The development of the Marginalised SME**

The often-marginalised groups within the economic landscape include women (Yang & del Carmen Triana, 2017) and PDIs in South Africa (Littlewood & Holt, 2018), amongst several others. PDIs and black people are used interchangeably in South Africa with these individuals identifiable by racial profiles of Black, Coloured and Indian (Broad-Based Black Economic Empowerment Amendment Act no 46 of 2013, 2014).

In discussing evidence that supports certain policy directions, Wright et al. (2015) highlighted evidence reviewed by researchers that suggested women-owned businesses face significant tribulations to growing their businesses which include high barriers to access to finance (though this is suggested to be a self-inflicted problem), constrained market access due to their predominantly service-sector participation and a lower resource base on commencement of the business. Ahl and Nelson (2015) went further by demonstrating that, even in countries where policy for women entrepreneurs will be expected to better position women entrepreneurs in the economy, these policies did not actually improve the lowly position of women entrepreneurs in society. Yang and del Carmen Triana (2017) suggested that even in the entrepreneurial space, women have a distinct liability as it appeared society preferred to have men leading a business due to its perception of the advantages that men have over women, thereby significantly reducing their chances to succeed. A significant portion of the literature

therefore points to the fact that women-owned and led SMEs require focused development to overcome the challenges of inferiority thrown at them by society.

Within the South African context, the apartheid policies prevented participation in market activities, relational exchanges and property ownership (Webb, Khoury & Hitt, in press) for individuals now classified as PDIs as per South Africa's B-BBEE legislation (Littlewood & Hold, 2018). In South Africa, the B-BBEE legislation has been developed to pressurise businesses in South Africa to abide by it in order to be "allowed" by society to continue operating in the country (Littlewood & Hold, 2018). However, Webb et al. (in press) raised an interesting point about how the lack of investment in infrastructure to support specific categories of individuals could be construed as echoing the true institutional priorities of a region and represent a form of informal institutional void even though formal institutions are present to bar the formal exclusionary practices (such as apartheid). This then reinforces the earlier point that legislation might be inadequate in alleviating such exclusionary practices for women (Ahl & Nelson, 2015) and PDIs and that rather investment is the surest policy for alleviating these practices. This does not discount the public sector's influence on promoting the development of marginalised SMEs, as policy-making is not their only tool considering the fact that the public procurement space also has the capability to uplift the businesses run by the individuals under-represented in economic activity (Woldesenbet & Worthington, in press).

### **SME Compliance**

An indirect form of policy support for SMEs is the reduction of the costs of formalisation of the sector which is meant to generate multiple improved outcomes for SMEs (easier tax environment, reduced registration costs, and more) (Cravo & Piza, 2018). However, whilst an administrative compliance matter such as tax compliance might have benefits of increasing profits, its impact on the survival and sustainability of the small firm is negligible (Nagel, Huber, Van Praag & Goslinga, 2019). Crucially, policy support can enhance or impede access to both the public and private sector markets discussed in section 2.7.4 as highlighted by the increased awareness of the lack of SMEs' significant presence in public sector procurement which had resulted in the increased investigation into this deficiency in the literature (Flynn & Davis, 2017). The research around this conundrum has predominantly focused on the barriers to SMEs' participation which are numerous and include the lack of familiarity with public sector tendering matters, bids requiring resource capacity that limits SME participation, cumbersome tendering systems, low bid completion skills, high transaction costs in developing bids and policy opacity (Glas & Eßig's, 2018; Flynn & Davis, 2017).

## b) **Education and Culture**

The entrepreneur's education and knowledge were noted as important in the performance of the business (Pergelova & Angulo-Ruiz, 2014). In the education arena an intensive focus on professional and technical training is less useful if not underpinned by life skills development promoting the "right" social practices and qualities (Mamman et al., in press). Some researchers suggested that developing an entrepreneurial culture takes time and requires long-term investment (Pergelova & Angulo-Ruiz, 2014). However, whilst not speaking directly to SMEs, but rather the broader field of entrepreneurship, Fotopoulos & Storey (in press) suggested that, in a country like Wales where entrepreneurial rates were low, directing more public funding towards positively adjusting the status-quo was ineffective in the medium term, suggesting the potential accuracy of Pergelova and Angulo-Ruiz's (2014) suggestion. Mamman et al. (in press) did suggest that evidence existed that entrepreneurial policy that focuses on developing an entrepreneurial culture does result in economic growth for that region.

The educational environment on entrepreneurship is still in its early stages in Africa and is seen as vital in instituting a culture of entrepreneurship for a nation wanting to enhance the development of SMEs (Jones, Maas, Dobson, Newbery, Agyapong & Matlay, 2018; Shibia & Barako, 2017). Martin et al. (2013) contributed to this thought process by suggesting that entrepreneurship education and training (EET) was associated with greater levels of positive awareness of entrepreneurship and desires to become entrepreneurs, thereby suggesting, in confirmation of Shibia & Barako's (2017) claim of entrepreneurial education's positive impact on entrepreneurship culture, that EET is necessary for the development of an entrepreneurial culture in a region. Further affirmation of this point came from Rauch and Hulsink's (2015) assertion that entrepreneurial education did lead to both entrepreneurial intention and then entrepreneurial action (or behaviour as the authors put it) and that such education should enlist techniques that create positive appraisal of the entrepreneurship field for it to be effective. Rauch and Hulsink's (2015) did highlight important factors that hinder the most important aspect of entrepreneurial action being a lack of funding, lack of appealing opportunities and the fear of failure. Hence the need for self-efficacy as discussed in section 2.8.2.1 on SME initiative. However, creating a culture that permits failure (of the right type) might enable "killing two birds with one stone" as the experience of *failure*, underpinned by an intuitive cognitive style, enhances the experiential learning that leads to increased *opportunity* identification that is crucial to the growth and development of an SME (Mueller & Shepherd, 2016).

### c) **Institutional environment**

A challenge faced in Africa for all businesses (small and large) that needs to be addressed urgently is a lack of strong institutional structures which comprise strong market support, strong contract enforcement/legal network and strong communication networks, and which then create an enabling environment for doing business (Atiase et al., 2018; George, Corbishley, Khayesi, Haas & Tihanyi, 2016; Luiz & Stewart, 2014; Mamman et al., in press; Shibia & Barako, 2017). Informal institutional void, such as corruption within society, has had a dilapidating effect on economic activity that is detrimental to SMEs as it breeds mistrust in most forms of economic interactions (Webb et al., in press). Alternatively, Baron, Tang, Tang and Zhang (2018) suggested that corruption, the form of bribery, could be a grey area with some cultures considering it a norm of doing business and hence not as much mistrust is generated, whilst others frown on the practice.

Institutional void in South Africa (Luiz & Stewart, 2014) and the greater African region (Atiase et al., 2018; Mamman et al., in press) has in fact led to extensive corruption. However, good governance has positively influenced SME development in South Africa resulting in better SME development for the country compared to several other African countries with lower good governance scores (Atiase et al., 2018). As expected, there were very limited positives identified in the literature with regards to the impact of corruption on business interactions. However, Baron et al. (2018) applied consideration to the plight of underdog entrepreneurs (those coming from disadvantageous background due to race, gender and ethnicity, amongst several others) and suggested that they engage in the corrupt activity of offering bribes in order to gain access to resources so as to obscure the perception of their disadvantage from the resource providers, enable a focus on their qualities and avoid closing down their businesses.

#### **2.8.2.3 Governance of PPCs**

Vangen et al. (2015) provided two distinctions in discussing PPC governance, namely collaborative governance and governing collaborations. The former was related to governance in collaborative arrangements between government and the private sector in public policy initiatives whilst the latter related to governance in collaborative arrangements between the two sectors aimed at achieving goals they would not be able to on their own (Bryson, Crosby & Stone, 2015) (in essence creating social value (Caldwell et al., 2017)), which this study is related to. Governing collaborations were based on the design of governance mechanisms

focused on accentuating that goal (of social value creation in the context of this research) (Vangen et al., 2015).

Bryson et al. (2015) highlighted certain dangers in PPC governance such as the impact of government mandates as potentially dangerous since they granted the public sector more power in the PPC that could result in the other partners being ignored and weaken the levels of collaboration. The influence of previous relationships is also significant as the worse off such relationships were the lower the levels of trust in the PPC (Bryson et al., 2015).

## **2.9 Conclusion**

There is limited literature suggesting a link between SME development and PPCs. However, using one of the elements of relational coordination, which was goal alignment, a link was established. The goal of PPCs was to create social value (Caldwell et al., 2017) and SME development was shown to be the creation of social value. Using one of the elements of relational coordination, goal alignment, SME development was justified as a goal of PPCs thereby suggesting that SME development within PPCs was possible. Based on the concept of goal alignment, the first research question in chapter three was developed to determine if Participants could provide an alignment between SME development goals and PPC goals.

As there was limited literature discussing the interplay between SME development and PPCs, there was therefore limited literature highlighting the existence or non-existence of these characteristics within PPCs. This led to the development of the second research question in chapter three to determine which of the characteristics identified in the literature were present in PPCs that enabled PPCs to be vehicles for SME development.

It was suggested that SME development programs could not operate in silos and that collaboration between these programs enhanced SME development (Roig-Tierno et al., 2015). This led to the review of three other prominent SME development programs and an assessment of the gaps that PPCs could potentially contribute to in the SME development program environment. As a result, research question three was formulated in chapter three to understand how PPCs could interact with other SME development programs in order to enhance the development of SMEs.

Lastly, the success of PPCs as SME development programs, are influenced by the contributions of each participant in the PPC (Villani et al., 2017) and by the external environment the program operates within. This led to the formulation of the last research

question in chapter three to determine the key contributions required within the PPC and external to the PPC that would enhance SME development within PPCs.

Chapter three follows this conclusion and highlights the research questions derived from the literature review. Chapter four then follows highlighting the methodology that will be used to generate the empirical evidence for this study.



## **Chapter 3: Research Questions (RQ)**

Below are the research aims of four specific research questions. Each of these research questions have been derived from the reviewed literature. Each of these research questions will be posed to both the public and private sector participants and the SME participants.

### **RQ1: What alignment exists between SME development goals and PPC goals?**

The aim of this research question was to identify the goals of SME development and PPCs and determine if there is any congruence between both goals that provides this study with goal alignment between its two major constructs. In so doing it will provide clarification about the incentives for PPCs to be involved in SME development and the reference point that participants should return to continuously to maintain the promotion of the SME development agenda.

### **RQ2: What characteristics do PPCs have that enable SME development?**

The aim of this research question was to identify characteristics that enhanced SME development. These were then related back to the Participants' feedback in chapter five to determine if PPCs had any of these characteristics. This helped to objectively establish the attributes that PPCs had which enabled them to be suitable vehicles for SME development. Furthermore, this research question aimed to identify the challenges that PPCs would need to overcome to be able to become that optimum vehicle for SME development.

### **RQ3: What interactions are required between PPCs and the SME development programs?**

This research question aimed to establish what levels of interaction were required between PPCs and other SME development support programs. This research question will assess the links that PPCs might have (or should have) with the other SME development programs and if there is potential for PPCs to push the boundaries with regards to the extent to which they can bring other elements into their structure that are present in other SME development programs. Understanding the above will help identify both the current and potential place of

existence that PPCs occupy within the SME developmental support environment.

**RQ4: What environments will improve the efficacy of SME development within PPCs?**

This research question aimed to establish the impact of both the internal and external environments on the development of SMEs by PPCs. It assessed the potential for each actor within a PPC to contribute towards positively impacting the development of SMEs within PPCs, from the perspective of the other actors. It assessed the potential influences from the external environment on PPCs' abilities to develop SMEs. External environment (macro level for PPCs) could include government policy agendas, civil society agendas, education and many more.

## Chapter 4: Research Methodology

### 4.1 Choice of methodology

This study fell within the field of entrepreneurship and PPCs. Research performed in the entrepreneurship field had predominantly made use of a quantitative approach to understand such a fragmented field (Rauch, van Doorn & Hulsink, 2014; Suddaby, Bruton & Si, 2015). Whilst this was not inappropriate, deviation into the use of qualitative approaches had provided value by expanding the evidence available in the field (Rauch et al., 2014). This approach appeared to be further justified by the fact that understanding the interaction between entrepreneurs (in this case, SMEs) and their local environment (in this case PPCs) was possible when a qualitative approach was used (Spigel, 2017). Furthermore, Garcia and Gluesing (2013) highlighted narratives and interviews, which fall within the ambit of qualitative research, as some of the techniques that provided insights on mechanisms and relationships within groups (PPCs in this instance) that could not be derived with strictly quantitative research. Additional qualities that supported a qualitative research over a quantitative research were the ability for new ideas/insights and new theories to be generated when using qualitative methods (Suddaby et al., 2015). As a result of the above, this study made use of a qualitative research approach.

Exploratory studies are “research that aims to seek new insights, ask new questions and assess topics in a new light” (Saunders & Lewis, 2018, p. 115). The small business and entrepreneurial fields had predominantly employed descriptive studies in the past 37 years, though this had shown a declining trend with exploratory studies showing an increasing trend in recent times within the two fields (Volery & Mazzarol, 2015). Considering that chapter one identified this study as an area rarely explored, new insights were required that required new questions to be asked, hence the choice of an exploratory study for this research.

This reiterated the researcher’s choice of interviews as the preferred technique for collecting data as it allowed the researcher to draw more information and themes that may not have been possible with non-intimate quantitative methods. Furthermore, semi-structured interviews (a formal but flexible method), allowed for deviations from the topics determined pre-interview whilst maintaining the focus on the objectives of the research.

Similar research projects looking at the development of entrepreneurs within an SME development support program made use of a longitudinal study spanning a period of six years

(Lukeš et al., in press). The objectives of that research focused on both the short-term and long-term effects of the program whilst the objectives of this study were to obtain a snapshot of the current views around PPCs and their current capabilities to enhance the development of SMEs, which was aligned to the performance of a cross-sectional study (Saunders & Lewis, 2018). However, some researchers had argued that a longitudinal study offered significant contributions to the literature on cross-sector collaborations as it allowed observations that enabled understanding of what made these collaborations work (Gillett, Loader, Doherty & Scott, in press). Considering the limited period for this study (August 2018 with the research report due for completion by March 2019) and the objectives of the study, a cross-sectional was deemed appropriate for this study.

#### **4.1.1 Inductive study reasoning**

An inductive research approach was the foundation of qualitative research as it allowed for the generation of new insights based on the data observed that expanded the researcher's theoretical knowledge frame (Bansal, Smith & Vaara, 2018). Furthermore, this inductive approach that built themes from the bottom up, whilst allowing for deductive review of the adequacy (or lack thereof) of the themes from the data, was in line with a grounded theory strategy for theory generation and characterized qualitative research (Creswell & Creswell, 2018; Saunders & Lewis, 2018; Urquhart, Lehmann & Myers, 2010). In addition, theory development focused on developing a model that enhanced understanding in a domain (with regards to this study, the domain of PPCs as interventions for the development of SMEs) was well served by using an inductive grounded theory methodology (Shankar & Shepherd, in press). An inductive research approach involved collecting and analyzing data for the purpose of developing a theory and a deductive research approach involved specifically collecting data to test a theory (Saunders & Lewis, 2018). There had been extensive conflict between researchers about which approach was most beneficial to the different fields of study, with some researchers finding deductive approaches restrictive (the actual word used was a "straightjacket") and others finding it vital as new knowledge could only be generated based on old knowledge (Shepherd & Suddaby, 2017). Further criticism of the deductive research approach was that its focus on prior supported theory stifled interesting results or even created circumstances that resulted in the manipulation of studies to suit researcher's theoretical expectations (Banks et al., 2016). This study was therefore performed as an inductive study.

## 4.2 Population

Understanding the interplay in collaborative arrangements in order to achieve an effective program was enhanced when perspectives from all actors within the collaborative arrangement were obtained (Kohler, 2016). The population was a complete set of group members that share *some* common characteristics (Zikmund, Babin, Carr & Griffin, 2011). The population of this study consists of actors from the public sector, the private sector and the SMEs themselves. Lane (2000) provided several definitions of the public sector ranging from “government activity and its consequences” (p. 15), to the more well-rounded definition of government consumption, investment and transfers that could be aggregated into Government production. Therefore, the private sector was the opposite of the public sector and entailed any activity that was not a government activity including, amongst others, not-for-profit organisations and for-profit organisations.

The above definitions by Lane (2000) could place SMEs within either sector. Therefore, having distinguished the two populations, the next step was to further define the type of company that could be deemed entrepreneurial to be part of the entrepreneur population that was separately distinguishable from both the public and private sectors so as to be classified as an SME. Bartz and Winkler (2016) assessed three approaches in defining entrepreneurs and this study applied the third approach but with a slight nuance. Whilst Bartz and Winkler’s (2016) third approach focused on *small* and *young* the researcher used *small, less than small and medium* due to the ability of these type of firms to find and grasp emerging opportunities, which tied in with the discussion in chapter one about SMEs’ ability to develop an economy (Atiase et al., 2018; Jones et al., 2018). Distinguishing whether a Participant was a small entrepreneur (or part of a small enterprise) suitable for an interview was informed by the criteria for identifying micro-businesses, very small businesses, small businesses and medium-sized businesses contained within the National Small Business Amendment Act 2004 (National Small Business Amendment Act no 29 of 2004, 2004). Therefore, SMEs, for the purpose of this research project were any entrepreneur/enterprise that met any one or more of the following criteria of having fewer than 200 employees, achieving an annual turnover of less than R50million and achieving total gross asset value of less than R18million.

From the two populations, the first population, the public and private sector population, was represented by firstly, senior managers and executive managers both from within the National Treasury (specifically in the GTAC) and within all levels of South African Government; i.e. the public sector, who had oversight over PPC projects or SME development programs. Secondly,

by senior managers and executive managers in private sector organisations involved in PPC projects or Entrepreneur Development programs (which included Incubators, Financers, ESD programs, and many more). The second population was made up of SMEs, with a focus on those that had specifically participated in PPC projects or Entrepreneurial Development programs. The optimum participant was an expert from either population with experience in both PPC projects and Entrepreneurial Development programs. The experience in either a PPC or SME development program aligned with the main constructs of this study, namely PPCs and SME development.

### **4.3 Unit of analysis**

The sample unit comprised individuals interviewed who had been involved in PPC projects and SME development programs, either in an oversight position or an active delivery position. For the purpose of this study, the analysis was performed on the transcripts of the interviewees containing their perceptions of the development of SMEs within a PPC context.

### **4.4 Sampling method and size**

The sampling method utilised for all three populations was a non-probability sampling technique since a complete list of the populations could not be obtained. This was due to the fact that there were several PPC projects and SME development programs that were currently ongoing and several more that had been completed which meant that there were several senior managers and executive managers who had been involved in both current and completed projects within those programs. This made obtaining a complete list of the population a difficult task that was unlikely to be possible. Hence a probability sampling technique was not appropriate in the absence of a sampling frame (Saunders & Lewis, 2018). At the initial stage of sample selection, the personal contacts of the researcher were utilised (who were predominantly from the private sector) who had either been involved in PPC projects or SME development programs, and who were interviewed using the measurement instruments in the section to follow.

It should be highlighted that the researcher had limited personal contacts in the public sector and thus relied on snowball sampling through referrals from his personal contacts in the private sector to individuals in the public sector that have worked on a PPC project. During the initial stage of the formulation of this research project, private sector individuals involved in PPPs were invited, via email, to take part in interviews for this research project subject to the

researcher's receipt of ethical clearance from GIBS and subsequent review of the consent forms the researcher provided to them. These individuals were identified as having a significant network in the public sector, thereby providing comfort to the researcher that obtaining a sample connected to the GTAC would be possible. Snowball sampling method was also applied in selecting the SMEs. The researcher used referrals from public sector and private sector participants involved in PPC projects that had involved SMEs.

Whilst an extensive number of interviews were performed in qualitative research projects that utilised semi-structured interviews, with numbers ranging from 40 (Woolley, 2014) to 54 (Goswami, Mitchell & Bhagavatula, 2018), it was recommended that the number of interviews to be conducted be informed by the continuation of interviews until data saturation was reached (in other words, no further insights generated from fresh data) (Creswell & Creswell, 2018; Goswami et al., 2018; Saunders & Lewis, 2018). Whilst this was appropriate, in order to determine a minimum sample size for planning purposes, a target of four public sector actors and four private sector actors involved in PPC projects and/or SME development programs and four SME owners who had participated in the same programs were set as a starting point. These sample sizes were within the Saunders and Lewis (2018) recommended range of between four and 12 for the three sets of homogenous populations.

## **4.5 Interview guide**

It was argued that when studying a phenomenon that was not well-known (in the vein of an exploratory study) a case study tended to be the choice often made (Korsgaard & Anderson, 2011). With regards to PPCs, as can be seen from table 1, multiple case studies were a popular tool because, as Reynaers and Grimmelikhuisen (2015) indicated, they explained whether a result in one case was particular to that case or consistently applicable across multiple cases. Furthermore, the case study approach that contrasted variations between two similar cases helped to determine what different variables created the differing outcomes (Villani et al., 2017). However, the use of semi-structured interviews as a primary data source was consistent with most qualitative inductive research projects similar to this research project (Shankar & Shepherd, in press). Therefore, a mono-method qualitative choice of semi-structured interviews, of a face to face nature and over web conferencing services, was utilised.

Qualitative research using semi-structured interviews may have two types of interview questions posed at different stages of the data collection process, which are initial semi-

structured interview questions and subsequent semi-structured interview questions (Goswami et al., 2018). Initial semi-structured interview questions were based on initial literature review performed (Wong et al., 2015) as part of the submission of the proposal for this study. After a more extensive review of the literature was performed and consideration was given to the insights provided by the first five Participants interviewed and the themes being generated from their transcripts, the final list of semi-structured interview questions was developed (Goswami et al., 2018). As the final list was based on both subsequent literature review and the initial five Participants' insights, any theme discovered during the literature review but not raised by the initial Participants was discussed with the initial Participants in follow-up sessions to ensure consistency in the data collected. This process of altering research questions due to the new insights generated from data collected progressively during the study was aligned with qualitative inductive research (Bansal et al., 2018).

As Bhima (2016) highlighted, an initial draft interview guide and final interview guide were means for incorporating consistency with regards to the questions and the sequencing of the interview process using open-ended questions. Therefore, an initial draft interview guide, based on the initial literature review of the research report, was generated by the researcher and utilized in the pilot test interviews discussed in section 4.6 below. This guide and pilot tests were the first step in ensuring rigor and trustworthiness of the measurement instruments.

The interviews allowed for engagement that enabled the researcher to probe the public and private sector interviewees in order to determine the dominant themes for both sectors when discussing SME involvement (or lack thereof in possibly some cases) in their collaborative arrangements, whilst the interviews of SMEs allowed for the same evaluation of dominant themes, but from the perspective of the SMEs who had participated in some form of PPC project and/or SME development program.

## **4.6 Data gathering process**

The data collected during the research was primary data through the use of in-depth, face to face semi-structured interviews and Skype interviews with key senior managers and executive managers from the public and private sectors and owners of SMEs (Saunders & Lewis, 2018).

Ethical clearance was obtained from the GIBS research department before any data collection began. Then, in preparation for the interviews, a digital voice recorder was obtained to be used for recording the interviews, with permission allowing for the use of the device obtained



from the interviewee before the commencement of the interview. This ensured that the researcher attained accuracy with the data whilst also not compromising the integrity of the data (Blumberg, Cooper & Schindler, 2008). The recordings were then transcribed by the researcher for verbatim transcribing into a transcription (in other words, text).

Pilot test interviews were held with two colleagues who had managed projects in the ESD and PPP environments (both applicable to the PPC projects and Entrepreneur Development programs discussed in section 4.2), which then provided a less pressurized environment that allowed one to check that the digital recorder worked well, ensured that the questions were geared towards generating insightful responses from the interviewees and that the questions were not leading/biased (Saunders & Lewis, 2018). This preparation assisted in developing interview skills that created a platform for generating different levels of results (i.e. improved results) (Owens, 2015). Furthermore, the questions were semi-structured and open-ended to elicit the views and opinions of interviewees with the back-up of the development of an interview protocol before embarking on these interviews to avoid unnecessary loss of quality views due to unplanned for incidents occurring (Creswell & Creswell, 2018).

## **4.7 Analysis approach**

Qualitative data analysis requires a researcher to interpret the data to ascertain what themes are consistently forming from the data and what understanding such themes are providing to the researcher, with the researcher's approach often driven by his/her theoretical knowledge (Bansal et al., 2018). During the phase of conducting the interviews, themes obtained were analysed to determine the common thread developing from the data. This did not preclude the analysis of data after the collection of data was completed. A thematic analysis method was used, which was a method or technique for identifying, analysing and interpreting patterns of meaning or themes in qualitative data (Lyons & Coyle, 2016; Braun & Clarke, 2006). The six-step thematic analysis process to be followed entailed data familiarisation, data coding, searching for themes, reviewing themes, defining and naming themes and writing up thematic analysis (Lyons & Coyle, 2016).

The use of computer-aided qualitative data analysis softwares such as NVivo (Goswami et al., 2018; Thompson, Purdy & Ventresca, 2018) and Atlas.ti, which was the software made available for this research, were popular in analysing qualitative data, though this did not preclude the use of manual methods for analysis (Saunders & Lewis, 2018). Atlas.ti was the preferred choice.

In accordance with the insights on thematic analysis from Lyons and Coyle (2016) the first step undertaken was to read and re-read the transcripts in detail to be familiar with the data and to understand the insights that they provided and then uploaded these transcripts into ATLAS.ti for the next phase, which was coding. The next phase involved the coding of the data, which was the attachment of labels or particular words to segments of the transcripts that lent towards an idea that was of potential interest to the research question.

This was then followed by aggregating similar codes relating to a particular issue or idea to create potential themes in the data. The next step involved reviewing the potential themes against the coded portions of the transcripts and then reviewing these potential themes against all the transcripts (with due consideration to the familiarisation process in step one that was the base used for accuracy and completeness checks) to identify if the “fit” was right.

The penultimate step involved the drawing of insights from each theme, with the potential of writing a definition for each theme and assigning a name to each theme that made the theme instantly recognisable. Finally, the researcher produced a write-up by selecting specific, vivid extracts from each theme, creating an illustration of the themes, relating them back to the research questions and writing a report on the analysis.

Frequency analysis was a technique that was also employed to strengthen the thematic analysis performed and incorporated assessment of the regularity with which certain words, ideas and thoughts were mentioned, with the functionalities of ATLAS.ti forming the base for achieving this level of analytics (Owens, 2015).

## **4.8 Trustworthiness**

Ensuring trustworthiness in a qualitative study was essential to rule out other alternative reasons for the occurrence under investigation (Cuervo-Cazurra, Andersso, Brannen, Nielsen & Reuber, 2016).

Trustworthiness can be achieved in multiple ways. Wong et al. (2015) suggested that the research team should engage in performing an in-depth analysis and consideration of other potential descriptions of data collected through semi-structured interviews as a way of achieving the objective of trustworthiness. Since the researcher completed this study alone, the researcher went through an exhaustive process with the researcher’s research partner to review the transcripts and codes generated from the other individual’s analysis on Atlas.ti to ensure that potential alternative codes and missing codes were discussed in detail and final

codes were decided after consensus was reached on the meaning in the feedback from interview Participants.

Cuervo-Cazurra et al. (2016) suggested that the design aspects that influenced the trustworthiness of the study included sample selection and replication of the data. This study applied two of these aspects. Samples were selected from three populations of public sector actors, private sector actors and SMEs to ensure the Participant feedback was tightly aligned with the theoretical foundations of this study. The theoretical foundations were relational coordination and capability explaining collaborations between the public and private sector actors, leading into public sponsorship theory explaining sponsorship of the SME actors by the public and private sector actors. Replication of the data was achieved by the selection of multiple interviewees (12), which was further strengthened by the selections being made from the three populations.

## **4.9 Limitations**

### **4.9.1 Period of study**

By performing an exploratory inductive study, the interviewing process was paused after five interviews to allow for time to review the Participant feedbacks, review additional literature and then update the interview guide to ensure the objectives of this exploratory study were met. Goswami et al. (2018) also performed an exploratory inductive study that involved the collection of data through semi-structured interview. They began data collection in October 2014 and it can be assumed that it continued post March 2016 as their samples included accelerators founded then. This represented at least 17 months of data collection. Considering the limited timespan available to commence data collection (31 August 2018 to 28 February 2019) and the required pause in data collection, this resulted in the number of interviews reached being limited even though data saturation was achieved.

### **4.9.2 Researcher's bias**

Even though insights from interviews were analysed in conjunction with a research partner, it must be acknowledged that the bias of the researcher would still have had some influence on the codes generated during the analysis of Participants' feedback. Bansal et al. (2018) highlighted the importance of researchers acknowledging researchers' bias in their studies by encouraging researchers to "not only explicitly report their impact on their context, but also to

be reflexive in their data collection, so they recognize the role they play in shaping the organizational outcomes or their own implicit biases in interpreting the result(s)" (p. 1193).

### **4.9.3 Longitudinal versus cross-sectional study**

The use of a cross-sectional study to assess the characteristics present within PPCs that enabled the development of SMEs reduced the ability of this research project to assess the effectiveness of PPCs in developing SMEs, with most researchers who assessed the effectiveness of different SME development interventions such as business incubators (Lukeš et al., in press) and policies (Autio & Rannikko, 2016) making use of a longitudinal study. This limitation is further reinforced by the lack of evaluation and monitoring in the field of PPCs with a view to provide evidence-based assessments of the impact of PPCs (van Tulder, 2016) which had led to the recent use of the case study method (Caldwell et al., 2017; Villani et al., 2017) and archival research method (Crispeels et al., 2018) in assessing PPCs. The mitigating factor is that this research is an exploratory study assessing a nascent potential for PPCs to enhance SME development, thereby providing an opportunity for future research to perform longitudinal studies assessing the results on SMEs when developed within a PPC context.

### **4.9.4 Participant feedback: Completeness**

Whilst the main characteristics that enabled PPCs to successfully influence the development of SMEs were established during the semi-structure interviews, it would have been remiss to believe that all characteristics had been considered and that some had not been disregarded (Autio & Rannikko, 2016). This presented itself as a limitation within this study.

## **Chapter 5: Results**

### **5.1 Introduction**

This chapter presents the results in accordance with the research questions as per chapter three. As an exploratory study, an understanding of PPCs and their *potential* contribution to the development of SMEs was obtained by performing semi-structured interviews with Participants who were experts in the fields of PPCs and SME development. Some Participants were SMEs themselves. As an inductive study, thematic analysis was performed to ascertain the key themes emerging from the data. This chapter presents a summary of the sample, followed by a summary of the feedback from the Participants that included verbatim quotations. Finally, the presentation of the results was clustered around the research questions introduced in chapter three.

### **5.2 Description of Sample**

The sample comprised of 13 Participants who were individuals with extensive experience as indicated by their seniority within their organisations, with all of them being senior managers or higher. A significant number of the Participants were selected using snowball sampling and had experience in either PPC arrangements and SME development programs or one of the two. 13 interviews were conducted although one of the Participants voluntarily pulled out. All Participants identified themselves in relation to their knowledge of one of the two main constructs of this study and the position they held in their organisation.

#### **5.2.1 Analysis of Sample**

##### **Public Private Collaboration involvement**

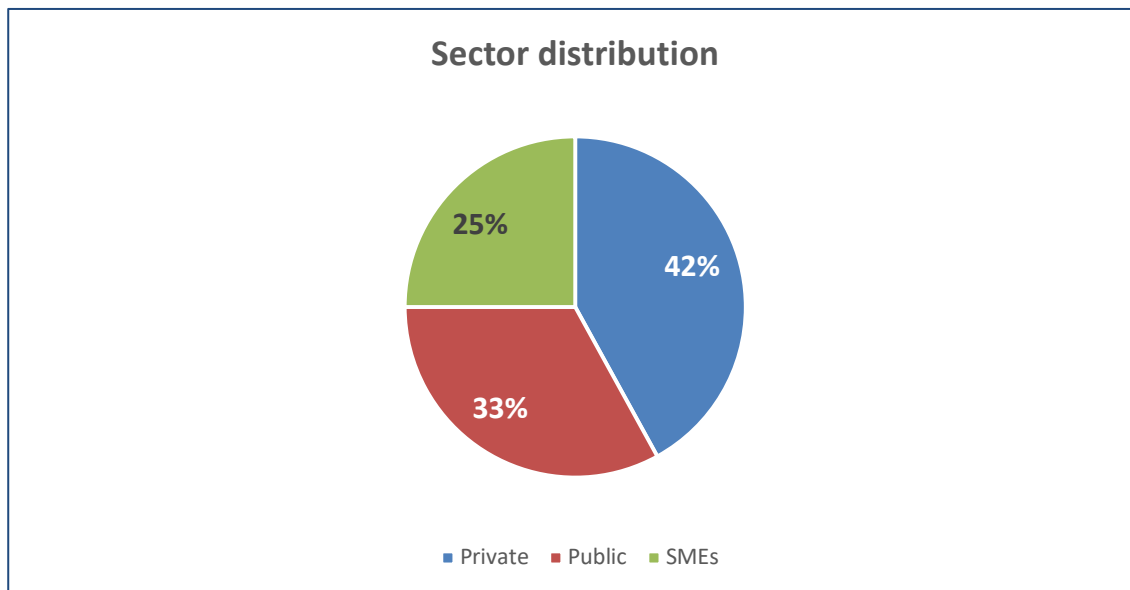
Every Participant had been involved in some type of collaborative effort between the public sector and private sector in South Africa. The type of PPC each Participant was involved in is presented below in table 3. This helped to place into context their feedback and how it related to PPCs and SMEs.

**Table 3 - The type of PPCs Participants have been involved in**

<b>Participant</b>	<b>PPC type</b>
Participant 1	NPO involved in cross-sector partnerships
Participant 2	PPPs
Participant 3	PPP
Participant 4	SOE running a market that incorporates a significant number of private enterprises
Participant 5	PPPs
Participant 6	Runs ESD program collaborating with public sector and private sector entities
Participant 7	Incubator collaborating with public sector and private sector entities
Participant 8	Advisory services to PPP projects
Participant 9	PPCs
Participant 10	PPPs
Participant 11	Independent association working closely with both public and private sectors
Participant 12	Incubator created out of joint partnership between public and private sector entities

### **Population Distribution**

The samples were represented by individuals from three distinct population groups. These were the public sector, the private sector and the SME sector. Whilst an even split was not achieved between the three populations, the objective of obtaining insights from all actors affected by this study help to achieve a reduced bias within the data collected. The population distribution is illustrated in figure 1 below.



**Figure 1 - Distribution of Participants per defined population sectors**

**Seniority Levels**

All Participants had the title of Senior Manager and higher in line with the minimum requirements set as per the research methodology in Chapter four.

Whilst Participant nine was no longer working within an organisational environment and had recently joined the *gig* economy, her experience in the SME development field was significant making her an industry expert. She was classified as a C-suite Participant based her most recent organisation position of CEO before she joined the *gig* economy.

The classification of each of the Participants’ seniority was allocated to three categories of C-suite, Executives and Senior Managers. C-suite for the purpose of this study refers to individuals with the title Chief-of-something and who are part of the Board of Directors for the organisation. Executives refers to those in key decision-making roles within the organisation, who are not part of the Board of Directors but have oversight of key business functions. Finally, Senior Managers refers to all other Participants who do not fit into any of the previous two categories but are members of senior management with extensive experience. Figure 2 illustrates the population distribution according to the Participants’ level of seniority.

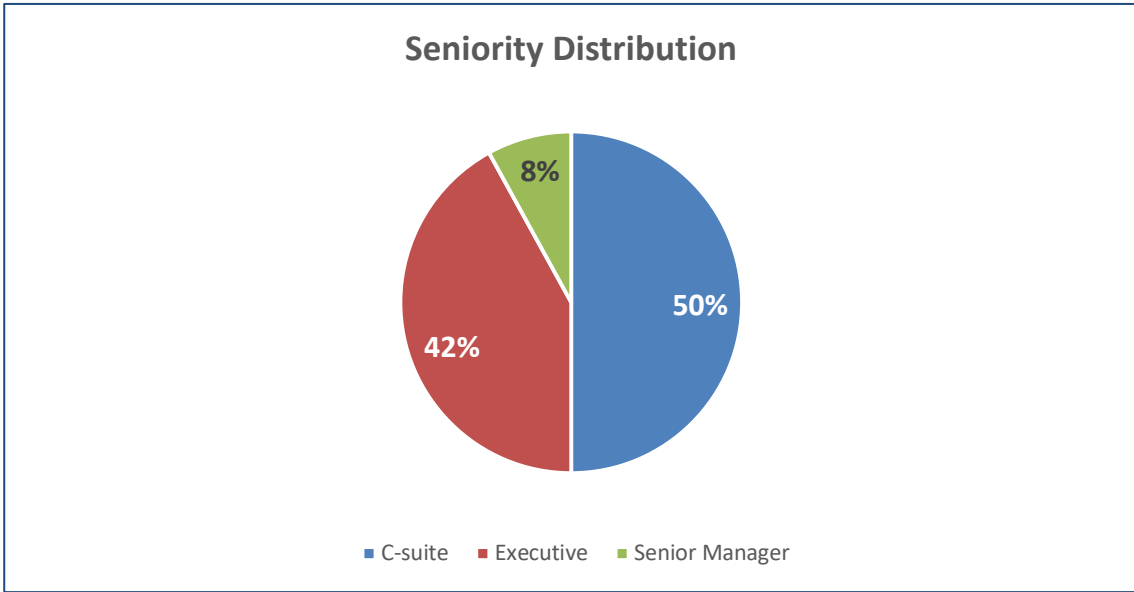


Figure 2 - Distribution of Participants per seniority level

## 5.2.2 Analysis of Transcripts

### 5.2.2.1 Data Saturation test

In order to test for data saturation across the sample of 12 interviews that were conducted, an assessment was performed of all new codes generated after the analysis of each interview was completed. Figure 3 highlights the determination of data saturation.

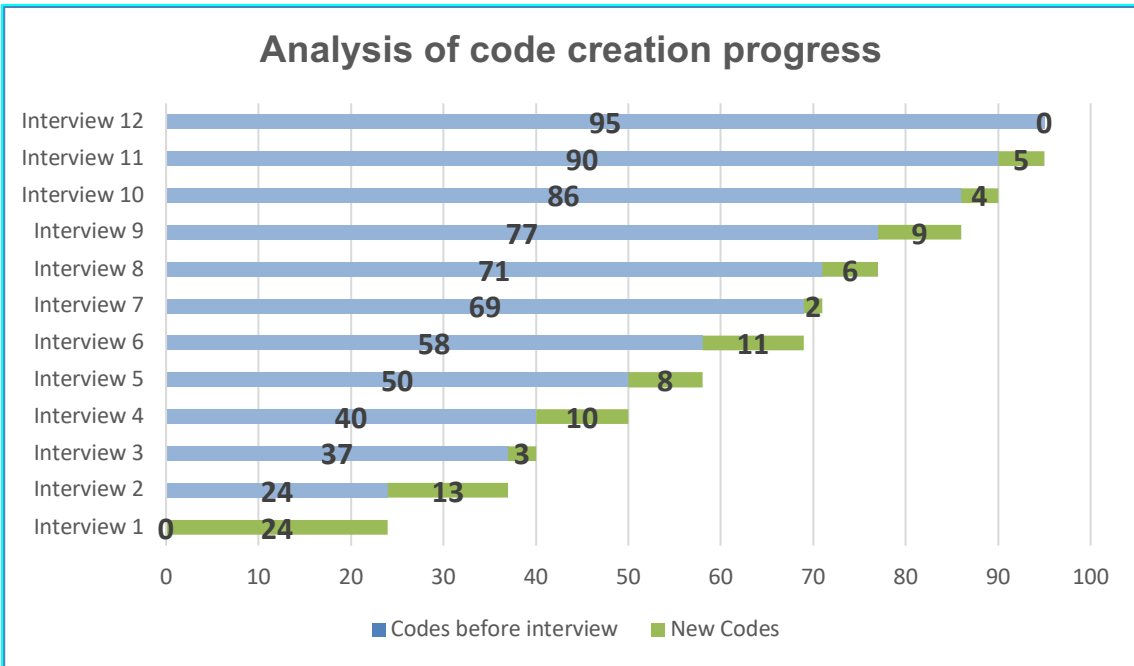


Figure 3 - Data saturation analysis



95 codes were generated during the review of the transcripts in Atlas.ti. Data saturation was achieved on completion of interview 12. This was because no additional new code that was different from the codes generated in the preceding 11 interviews was generated in Interview 12. Furthermore, it was not expected that any additional new code would be generated if any additional interview was held subsequently. Subsequent to interview one, interview two had the most new codes generated. Interview seven generated the least number of new codes subsequent to interview one. The significant spike in new codes introduced from Participant nine reaffirmed her significant level of expertise in the SME development sphere. Her knowledge contributed to the introduction of new and insightful data. The lack of significant progressive reduction from interview one till interview six highlighted the complex nature of the study and the numerous new insights that were regularly generated throughout the data collection process. This assisted in achieving trustworthiness in results as indicated in chapter four.

### 5.2.2.3 Word Cruncher Analysis

All transcripts were imported into Atlas.ti to perform the thematic analysis for this study. To perform a preliminary evaluation of the main themes that were present in the transcripts, the word cruncher functionality within Atlas.ti was utilised. The parameters were set to exclude specific words contained within a *stop list*, single characters and numbers. The *stop list* was reviewed in careful detail and updated based on the researcher's judgement of the words that definitely had no meaning in relation to the context of this study. Some of the words included in the *stop list* were if, the, that, we, been and more. The initial list of 3535 words was then extracted into Microsoft Excel for further analysis. A process of identifying and then aggregating similar words and acronyms into a single line was then performed in order to avoid eroding the strength of these words in the word cruncher analysis. These aggregated words included, as an example, sme, smme and small. This reduced the list to 3068 words. Words that had a frequency of less than five were then excluded resulting in a remaining list of 685 words. The top 15 words from this final list are listed below in table 4:

**Table 4 - Top 15 frequent words**

Rank	Aggregated Word	Word Count
1	Sme	706
2	Development	544
3	Business	489
4	Ppc	378



some understanding of the incentives that exist for PPCs to develop SMEs. To provide additional objectivity to the results, only the goals pertaining to each of the three population groups that was mentioned by that particular population group representative was included in the analysis below. As an example, a PPC goal was noted below when it was mentioned by either a public or private sector participant, with the same scenario applying for SME Participant contributions with regards to SME development goals. Table 5 provides examples of some of the Participant comments in answering this research question.

### **5.3.1 PPC and SME development goals**

#### **a. Job creation**

A significant number of Participants (75%) pointed to job creation as an important goal of developing SMEs. Some of the Participants tended to link the creation of jobs to the revitalisation of the economy as the more people were employed, the more revenue was generated for the tax man. Some participants used employment statistics from countries outside of Africa as a reference point to justify the importance of SME development to job creation. This reference to international norms was sometimes juxtaposed against the situation in South Africa in which those statistics about the proportion of job creation coming from SMEs was the inverse of international norms.

#### **b. Revitalisation of the economy**

This goal was also mentioned by a significant portion of the Participants (75%) with some highlighting the close links between SME development, job creation and economic growth in discussing the goals of SME development. The goal of economic revitalisation was discussed at the different levels of economic activity including at a local community level, township level and national level

#### **c. Empowerment of the marginalised**

33% of Participants referred to this goal. Some participants referred to the acronyms (BEE and B-BBEE) used in South Africa in reference to black empowerment when commenting on empowering the marginalised, whilst others spoke to the transformation agenda as a means to correct the mistakes of the past that included the exclusion of PDIs from economic activity.

**Table 5 - Goals of SME development and PPCs**

PPC goals	SME development goals	Frequency	Participant	Exemplary quotations
Job creation	Job creation	75%	Participant 9	"Their [PPCs] aim was to do two things. Their aim was not just to promote entrepreneurship, but also to promote sustainable job creation"
			Participant 8	"... they [SMEs] contribute more to job creation than the large corporates."
Revitalisation of economy	Revitalisation of economy	75%	Participant 11	"The private sector and big business in particular, has an important role in creating viable SMEs and the reason for that is that SMEs drive the economy. That is where job creation takes place, that is where economic growth and expansion is taking place"
			Participant 8	"SME development is... to help facilitate the next economy because the trend has been that there is a higher growth in SMEs than there has been in large corporates."
Empowerment of the marginalised	Empowerment of the marginalised	33%	Participant 10	"So, that's an opportunity for BEE companies to partner with the big guys and learn and hopefully these guys will grow and branch into big companies"
			Participant 8	"... is a very specific focus on black owned and black women-owned businesses. It has to be the main factor and it has to be deliberate and it has to be singled out"
SME development	SME development [assumed]	17%	Participant 11	"I think for the purpose of my program [PPC]... It is about streamlining the processes for business registration, access to funding, access to market and then importantly enough, around <i>creating sustainable SMEs</i> [emphasis added] so that these become the centre of the economy"
Innovative solutions		25%	Participant 10	"In the PPPs we always want private sector institutions that are innovative."
Skills transfer to		17%	Participant 10	"One of the things we [government] want in PPCs is an opportunity for

the public sector				skills development... so when that partnership happens, we want to see some kind of skills transfer in a way that, after the PPPs have ended, government can continue to provide the services without necessarily the private sector."
Social value creation (through ECD)		17%	Participant 7	"So, government has an NDP goal of 2030 of having universal school access for children. So basically, as a PPP we are trying to contribute to that. So, it is a very clear government, social goal we are all trying to move towards"
Internationalisation		8%	Participant 9	"What you will find [with regards to PPC goals] for example is, take... [a multinational company], their goal is to help small black owned SMMEs grow to become National and/or International companies
Risk transfer		8%	Participant 10	"we want to ensure that when we enter these partnerships there is a transfer of... risk from government to the private sector"
	Develop next generation of large corporates	8%	Participant 8	"... should be growing the SMEs to be the next breed of corporates.... I think even the term SME in itself sounds restricting because it tends to also have the tendency to want to say that is what you will be.... So I think the goal should be to grow them into the next corporates for the country"

This highlighted the relevance of context and how specific this aspect of SME development was to South Africa as compared to its counterparts of other countries. Another marginalised group discussed in this goal were black women. It was intriguing that the mention of *black women-owned* rather than *women-owned* was made by some participants in discussing the goals of SME development.

**a. SME development**

This goal was not highlighted by any of the SME Participants because their focus was on the goals of their development which logically meant that they wouldn't discuss their development as a goal in itself. Therefore, whilst the research question aimed to objectively ascertain what aligns both PPCs and SME development, some public and private sector Participants were direct about the fact that SME development was in itself a goal of PPCs.

**b. Innovative solutions**

Innovative solutions were not discussed extensively with only 25% of Participants referring to it. This goal was discussed within two contexts. Firstly, PPCs look to invest in SME development programs that provided innovative solutions for SME development. Secondly, PPCs look to invest in SMEs that were developing innovative solutions as part of their (PPCs') contribution to the SME development landscape because those were the SMEs that would solve the problems of today and were relevant to both public and private sector participants of PPCs.

**c. Skills transfer to public sector**

An interesting goal that did not relate to SME development, but was recognised as a significant goal of PPCs, particularly with regards to PPPs, was the transfer of skills from the private sector to the public sector. This was key as, with any partnership or collaboration, there tended to be an exchange between both parties that solidified the foundation for the continuation of such collaborative arrangement and in this case, based on feedback from the Participants, this appeared to be a significant incentive for the public sector's involvement in PPCs.

**d. Social value creation (through ECD)**

Another interesting goal was that of delivering on one of the government's NDP 2030 goals, ECD, through the development of SMEs delivering ECD activities. Some

participants discussed ECD within the broader social value agenda of PPCs, though social value was not explicitly mentioned as a PPC goal.

**e. Internationalisation**

A less prominent goal was that of internationalisation of PPCs mentioned by Participant nine, which can be construed as being driven by the fact that the private sector participant involved was a multi-national organisation.

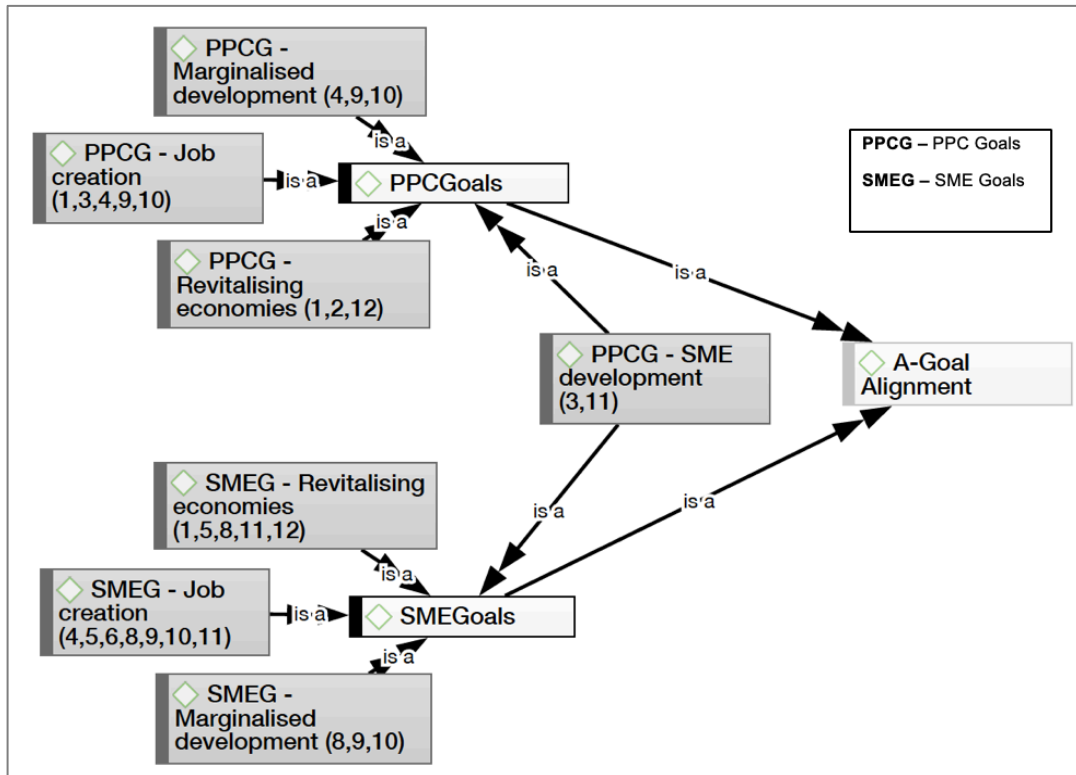
**f. Risk transfer**

Government's goal is to transfer a lot of the risk associated with PPP projects to the private sector, a goal that hampers SME development as it results in SMEs incurring risk they are not suited to handle.

**g. Develop the next large corporate**

An interesting SME development goal that was noted and which was conspicuously absent from any mention by the non-SME participants was the fact that when SMEs are developed it should be with the intention of making them the next big business in the economy. The lack of mention by non-SME participants highlights a potential divergence between the two constructs of SME development and PPCs due to the fact that attaining such an outcome could disrupt the performance of the private sector participants of the PPC.

### 5.3.2 Alignment of goals



**Figure 5 - Code to Theme development - Network of Goal alignment theme**

*(1, 2, 3...)* indicates that a code was commented on by Participants 1,2 and 3 as an example. Applies to all subsequent Networks diagrams

In total there were 10 goals referred to by the participants. All participants provided goals for SME development and PPCs. Goal alignment, based on the feedback of the Participants, was determined as when the SME participants mentioned SME development goals that were mentioned as PPC goals by the public and private sector participants. The goals from table 5 that fit the criteria for goal alignment were *job creation, revitalisation of the economy, the empowerment of the marginalised and SME development itself*.



### 5.3.4 Misalignment of goals

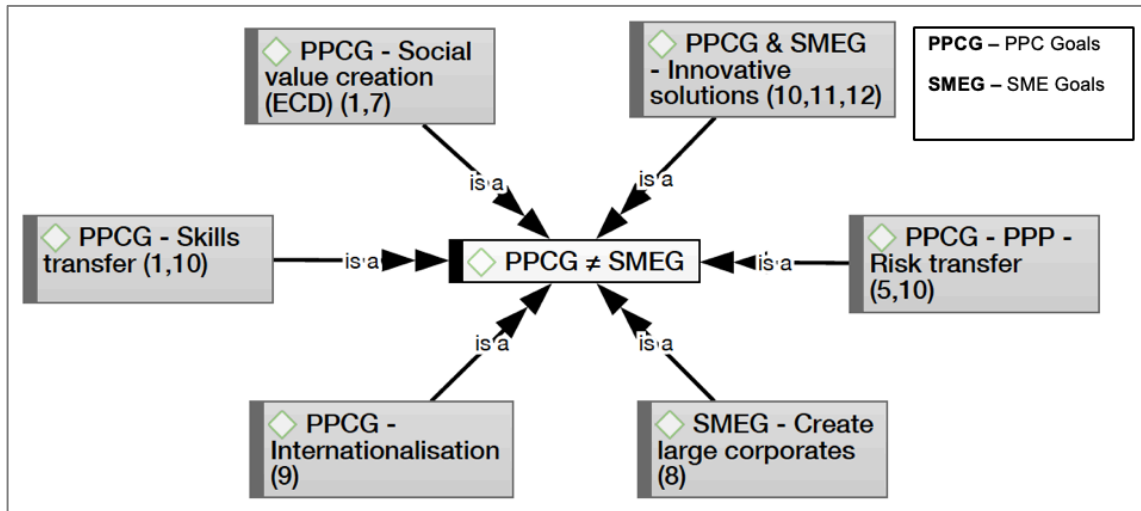


Figure 6 - Code to Theme development - Network of Goal misalignments

Goal misalignment, based on the feedback of the participants, was determined as when the SME participants mentioned SME development goals that were not mentioned as the PPC goals by the public private participants. There were six codes that were goals that were not aligned. Four of these six goals were specifically mentioned as PPC goals, one was a goal that was mentioned as both a SME development goal and PPC goal but not mentioned by an SME participant. The final goal was mentioned as a SME development goal but only mentioned by an SME participant.

### 5.3.4 Conclusion for research question 1

To understand the goals of both PPCs and the development of SMEs, this research question aimed to obtain insights into the goals that allowed SME development to potentially form a key component of a public private collaborative arrangement. The four goals that enabled this alignment were job creation, revitalisation of the economy, empowerment of the marginalised and SME development. It should be noted that multiple PPCs will have multiple goals and Participant nine helped to provide this perspective by highlighting how difficult it would be to generalise when it comes to discussing the goals of PPCs as they can differ from case to case. The Participant further reiterated this by providing four different goals for four different PPCs as highlighted in table 6 below. The identified areas of alignment are an indication of the *potential* incentives that exist for PPCs to be involved in the development of SMEs.

**Table 6 - Cases of private sector actors involved in PPCs and the different goals of those PPCs**

Company	PPC goals
Corporate 1	“their goal is to help small black owned SMMEs grow to become National and/or International companies.”
Corporate 2	“Their aim was to do two things. Their aim was not just to promote entrepreneurship, but also to promote sustainable job creation”
Corporate 3	“... ran quite an extensive program for the development of small businesses. The whole aim of it was self-serving in a way because what it did was to create... [the Corporate's] resellers.”
Corporate 4	“... has a massive SD program aimed at building small black owned businesses who can supply goods to their stores.”

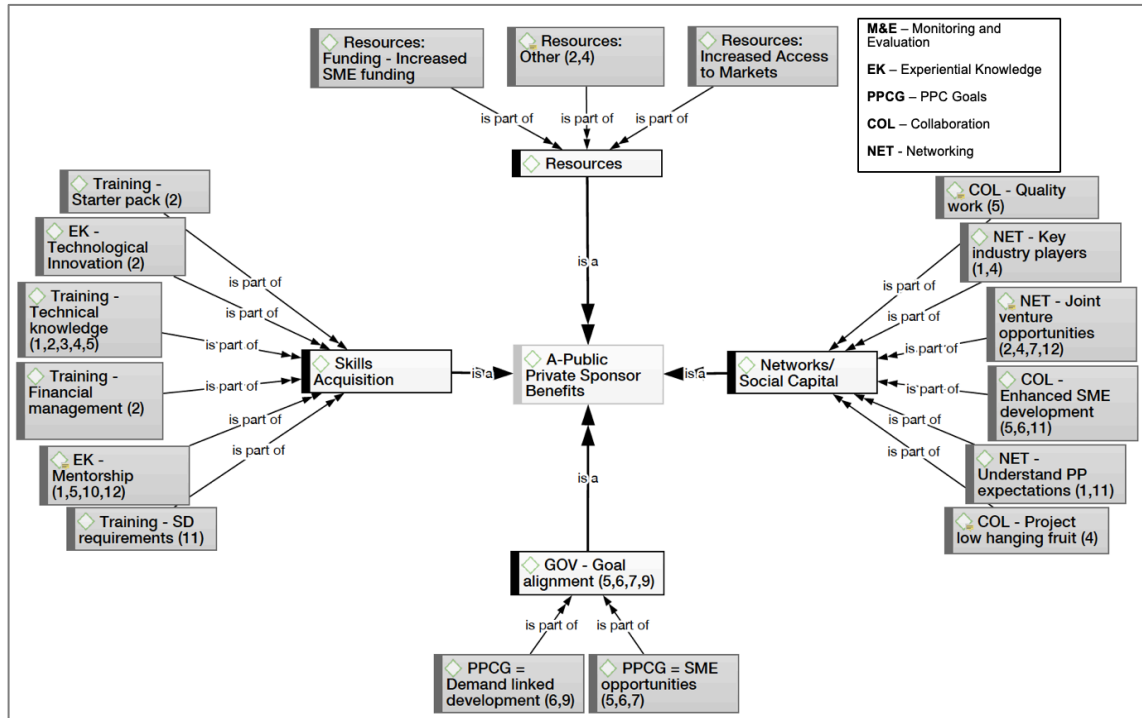
#### **5.4 Research Question 2: What characteristics do PPCs have that enable SME development?**

The aim of this research question was to identify characteristics that appeared in strong SME development programs and which of these characteristics PPCs had and did not have. Furthermore, this research question aimed to identify the challenges that PPCs would need to overcome to be able to become the optimum vehicle for SME development. Table 7 highlights the main characteristics mentioned by Participants and the number of Participants who made reference to the related characteristic.

**Table 7 – Characteristics that make PPCs suitable for SME development**

Categories	Codes – Characteristics present	Number of participants who made reference to characteristic
Resources	Funding Resources	10
	Other Resources	2
	Access to Markets	9
Skills acquisition	Training	6
	Experiential Knowledge	5
Networks/Social Capital	Networking	6
	Collaboration	4
Goal alignment	Goal alignment	4

Access to funding resources received the most recognition (83%) as a critical element that characterised PPCs as a platform suitable for SME development, whilst access to other resources received the least recognition (17%).



**Figure 7 - Code to Theory development - Public private sponsor theme network**  
 (1, 2, 3...) indicates that a code was commented on by Participants 1,2 and 3

Figure 7 highlights 17 sub-categories that were identified within the transcripts that were noted as characteristics of PPCs that made them suitable vehicles for the development of SMEs. These 17 sub-categories were aggregated into five different categories of; skills transfer, monitoring and evaluation, social capital, strategic goals and resources. The consistent theme that was developed from the transcripts was that when there are two distinct sponsors, from both the public and private sectors, who are involved in a collaborative arrangement focused on the development of SMEs, this results in the development of these SMEs being enhanced.

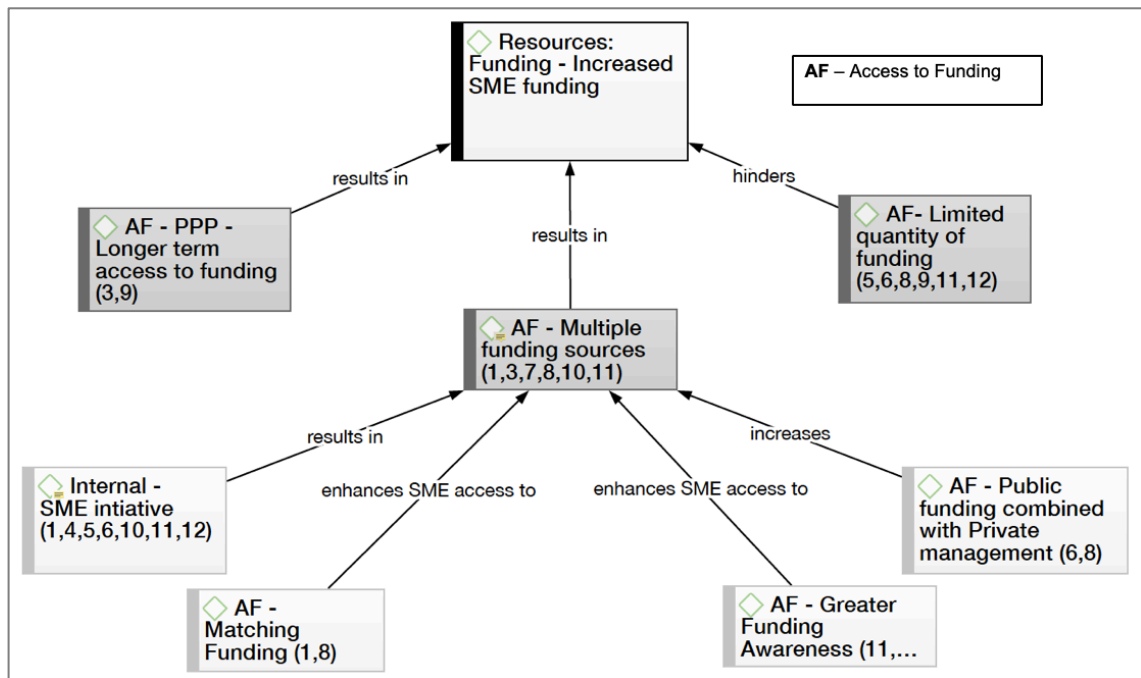
## 5.4.2 PPC characteristics that amplify SME development

### 5.4.2.1 Resources

For SMEs to progress from inception to a mature, sustainable business, access to multiple resources are required by the SMEs. The resources mentioned by Participants were categorised as either funding resources or resources not falling within the funding

ambit (in essence other resources).

a) **Resources: Funding**



**Figure 8 - Access to funding for SMEs within PPCs**

(1, 2, 3...) indicates that a code was commented on by Participants 1,2 and 3

A key resource that PPCs enhanced for SMEs was their funding resources. This enhancement appeared in the form of increased funding. There were three codes developed, two of which resulted in increased funding for SMEs and one of which was a hindrance to the SMEs receiving increased funding. The *multiple funding sources* code was developed based on feedback from Participants that either directly affirmed to the presence of multiple funding sources within PPCs or commented on aspects that enhanced SMEs' access to multiple funding sources, increased the number of funding sources and resulted in the formation of multiple funding sources. The latter were classified as sub-codes.

**Table 8 – Evidence of increased SME funding as a result of PPCs**

Code	Sub-code	Exemplary comments
Multiple funding sources	Multiple funding sources	<p><b>Participant 1</b> - “Finfind is a private sector for-profit company [and SME] who... generate leads for banks... [and] also work with government.”</p> <p><b>Participant 10</b> - “So, the DBSA plays that kind of role to say we will lend you at market rates so that they can participate.”</p> <p><b>Participant 11</b> - “We are starting to see commercial banks wanting to come on board [because of Findfind]... there is a realisation that if we want to grow the economy we have to start thinking differently. So, there is an appetite to <i>start tailoring specific products</i> [emphasis added] to the SME sector.”</p>
	Matching Funding	<p><b>Participant 1</b> - “that fund only gave money to projects that used a PPP model with the intention of addressing socio-economic challenges that we know of including unemployment, education, health...”</p>
	Public Funding; Private Management	<p><b>Participant 8</b> – “on the other hand government was successful in achieving their objective of enabling SME development by making those funds available and because government does not have the capacity to manage them (the funds), to disburse them, that collaboration worked perfectly because the private sector then took responsibility for doing all of that administrative work.”</p>
	Funding Awareness through Funding Conversation	<p><b>Participant 12</b> – “And we have had quite a lot of interest from the public sector and private sector saying can we come through, can we host an event with you called a <i>funding huddle</i> [emphasis added] of which we have had 2 last year where we draw in as many people as possible such that they can share their experiences and their understandings.”</p> <p style="text-align: center;"><b>Result</b></p> <p><b>Participant 2</b> - “we ask the private sector participant to assist with the down-payments so that they [the SMEs] don’t run around looking for finances to purchase those things.”</p> <p><b>Participant 6</b> – “they [multinational company in PPC] also provide their [the SME’s] first working capital.”</p>
Longer term funding access	Longer term funding access	<p><b>Participant 3</b> - “they [the SMEs] get... long term access to finance”</p> <p><b>Participant 9</b> – “So let’s say you want to start an incubator and you have got the go ahead and you get 3 years of funding, now you must understand that is one cycle of incubation. So at the end of the 3 years you have a very successful program and now you have to reapply for funding with no guarantee that you are going to get it”</p>

Firstly, by having two sponsors involved in a project, PPCs provide SMEs with two avenues to funding that, when combined in a collaborative arrangement, expand the SMEs' funding sources. These sources were funding both from the public sector and the private sector. There were sub-codes identified that enhanced the SMEs' access to these expanded, multiple funding sources.

The first sub-code was matching funding, which relates to the funders directing funding towards initiatives that match their goals or values. With SME development goals matching a few PPC goals this results in SMEs in PPCs being able to access funds because SME development resulted in outcomes that matched those of both the public and private sector participants involved in the PPC. The second is that the public sector has struggled to manage funds appropriately even though the sector is clear on the intentions it has for those funds. PPCs allow public sector to place funding towards SME development within a PPC and trust that the strong management capabilities of private sector will ensure the funds are available when the right opportunities arise. This incentivised more funding to be made available to SMEs.

The third sub-code was that PPCs tended to create environments that promote greater awareness for SMEs about the multiple funding platforms. Awareness that came from both the public and private sectors. This involves increased attempts made to collaborate with SMEs to understand their funding pain-points and alleviate those problems. One of these pain-points was their working capital struggles, which two Participants declared were alleviated by the PPCs. Another enabler of enhanced SME funding due to PPCs is the timeframe of the funding. PPCs, especially PPPs, tended to last a period of five years on average, whilst SME development programs tended to last a period of three years. When juxtaposed against each other, the result was that PPCs offered longer-term access to finance than most SME development programs within South Africa. Finally, an enabler to this enhanced SME funding within PPCs was the SME itself, with a few respondents providing examples of companies like Finfind, which is an SME, took the initiative to provide innovative solutions to reduce barriers to funding for SMEs after in-depth investigation into what those barriers were.

### **Challenges – Funding quantity**

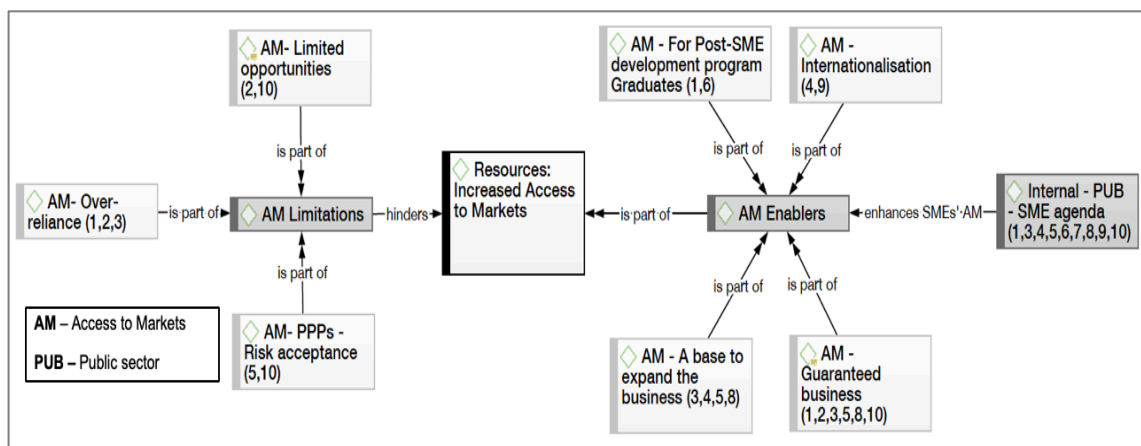
Whilst there were several positive elements contributed by PPCs to the funding of SME development, a common negative mentioned by 33% of participants was the limited quantity of funding that was being made available. This deficiency was mentioned in

relation to be the direct funding of SMEs and the funding of SME development programs initiated through PPCs. Table 9 highlights several of the comments made in relation to this negative aspect of PPCs.

**Table 9 - Limited funding that PPCs offer to the SME development ecosystem**

Participant	Limited quantum of funding
Participant 5	“They would rather have a fund for the upliftment of entrepreneurs of let’s say R2million, but the minute it becomes a R250million contract that allows the small company to compete with the large company it becomes a problem.”
Participant 8	“but if you look at the Rand value of the benefit the black owned and black woman owned entity received, it is not enough to really help them to transform their business. It provides something that is needed but it is limiting and ringfences businesses to remain in the SME space.”
Participant 11	“Perhaps one of the big issues is funding and I didn’t mention funding and what is important, and it cuts across now. You have to have money to drive these interventions. Again, goodwill is not going to make any kind of effective change as much as it is important.”

**b) Access to Markets**



**Figure 9 - Access to Markets for SMEs through PPCs**

Figure 9 highlights the characteristics of PPCs that enable them to be programs that offer SMEs increased access to markets which in turn enables them to be strong vehicles for SME development. The feedback from Participants were classified into eight sub-codes relating to market access for PPCs. These sub-codes were grouped into two codes that highlighted PPCs as either enablers or hindrances to SMEs’ access to markets. One of the sub-codes, *SME agenda*, was not based on direct answers to research question two (but instead based on direct answers to research question four) but was deemed to be a strong link to the access to markets enabler code as it enhanced such access.

Code	Sub-code	Exemplary comments
<b>PPCs’ Access to Markets enablers</b>	<b>Guaranteed business</b>	<b>Participant 10</b> - “if we [public sector] are to enter this kind (sic) of transactions where over R250 billion of private funding was attracted to the energy sector, each and every IPP that was entering into an agreement with DOE and Eskom, needed to fulfil SMME and BEE requirements of 30%.”
	<b>A base for expansion</b>	<b>Participant 3</b> – “They were a start-up company created to take up the shareholding in the... [PPP] and they have branched out into a range of other companies including facilities management, security, train operators, marketing and advertising, i.e. the secondary businesses.”
	<b>International- sation</b>	<b>Participant 4</b> – “what they [government agency] did in the past was they would collaborate with institutions like the Industrial Development Corporation (IDC), International donors and tried to link identified SMMEs within the region of Johannesburg to those entities to become strong businesses. I know they had a program where they were trying to enhance exports for some of these guys to international markets.”
	<b>Access to markets for post-SME development program graduates</b>	<b>Participant 1</b> - “we can have some portal that we can draw from and those that have been through a development program will flow to the top. So, you not just accepting proposals from SMEs from all over the country but if they have been through an Awethu incubator program, Raizcorp incubator, Seed academy incubator etc. Those ones will rise to the top in terms of recommended businesses to work with.”
<b>PPCs’ limitations in providing access to markets</b>	<b>Limited opportunities</b>	<b>Participant 3</b> - “The main challenge as I indicated earlier is that there not enough projects and we have a lot of these cooperatives. So you find there are little opportunities for a larger number.”
	<b>PPPs – Risk acceptance</b>	<b>Participant 5</b> - “Because PPPs are created to transfer a lot of risk (financial, operational, etc) to the private party, including the entrepreneur, if there is a problem, the government will say ‘we are not party to that, you accepted that you will be able to mitigate the risk and what we are doing is supporting you with the cashflow’.”
	<b>Over- reliance on PPC contracts</b>	<b>Participant 3</b> – “what happens when it’s finished? So the risk for the SME is that ‘great, I have had 6 years of delivering on this project, but what is the sustainability element, what’s the next job?’.”



## **Enablers**

The aspect of PPCs' ability to provide SMEs with access to markets that dominated the feedback from Participants (50%) was the aspect of a guaranteed project allocation being made available to SMEs in PPC arrangements. It must be noted that most of the references to this characteristic were in relation to PPP projects which contain regulations requiring a 30% subcontracting to black owned SMEs. One Participant suggested this was not consistently applied to the large projects, which was attributed to a lack of skills in the SME space by another Participant. This was especially with regards to the specialised projects that ended up requiring international assistance. Whilst opportunities for access to markets may exist, it was highlighted that regulations and processes can become so difficult to comply with, that they end up hindering the development of SMEs. 17% of Participants believed PPCs presented a key conduit from SME development programs to a market for the SME graduates.

Another interesting concept that arose in the interviews was the commitment by some of the PPCs to generate some exposure to international markets for the SMEs (17%). This highlighted the focused approach to exposing SMEs to as much market access as possible, not just local ones. The consequences of SMEs involved in PPC projects, particularly PPPs, was the expansion and continuity of their businesses post their involvement in the projects, which highlighted the potential for SMEs to use PPPs as a base to expand their businesses in order to create sustainable, long-term enterprises. One Participant did contradict this aspect of PPCs by introducing the concept of *catalytic opportunities*, which were opportunities that were beneficial in duration and quantum through long-term partnerships, rather than ad-hoc services that were usually provided to SMEs. Therefore, based on her feedback, it was clear that while some have seen evidence of the expansion of SMEs, PPCs could potentially be providing this foundation for SMEs to expand their businesses on a case by case basis and hence there was a need for both the public sector and private sector participants to initiate longer and more significantly valued contracts with SMEs for the PPC to be truly worth the SME's while.

## **Limitations**

Not every aspect of PPCs were positive in relation to enhancing the access to markets for SMEs. Three limitations were identified by 42% of Participants with the limitations including an over-reliance on PPCs by the SMEs, resulting in them experiencing some buffering that limits their participation in the open market, followed by the limited

opportunities PPCs actually do offer to SMEs and, in relation to PPPs, the level of risk that SMEs have to take on. Specifically, with regards to the latter limitation, Participant five spoke about the pressure that PPPs place on SMEs, which is very similar to the pressure placed on the large businesses and hence was lacking in accounting for the different dynamics SMEs faced compared to big business

### c) **Other Resources**

One of the least referred to characteristic of PPCs (17%) was the provision of other resources apart from funding and markets. Making resources (which can encompass a broad range of items) available to SMEs in a timeous manner helped ensure there was a reduced risk of the non-delivery of a project, non-delivery that could drastically hamper the development of that SME. Participant four commented “from our side we would then support the agency [SME] with the mechanical equipment he needs to conduct his business otherwise he wouldn’t really succeed, (*sic*) floor space, computer systems, training to operate those computer systems...” whilst Participant two indicated that;

The critical thing is to provide them with resources that will assist them to deliver. So, giving them work and giving them resources on *time* [emphasis added].... So, giving them support to do that is the ultimate thing. It is not just to give them things and tell them to do it, but when you give them work and you support them with resources which are required then we are assisting them to deliver what is required.

## 5.4.2.2 Skills Acquisition

### a) **Training**

The terms training and skills development were used interchangeably and referred to the assistance SMEs received in understanding how to run their business in a better way and how to deliver on the technical aspects of the work itself. Participant three commented that in the PPPs he had been involved in, the SMEs received “skills development around business operations and setting up your businesses and then in general, construction-related skills for the people starting these businesses” from the private parties. From the public sector’s side, Participant two commented that;

we also provide, as a city, training to SMEs... so once we identify that there is a project coming through and we know it will require such skills in a particular area, we identify those skills which might be missing in that project and people are trained by the academy, even if they are not city employees.

Participant four did indicate that the challenge with skills development within PPCs was the lack of a *broad-based support structure* as;

it has been on a case to case basis and the reason is that there is no perfect model as yet and you have to read the circumstances at the time of what is available, who is available, what kind of resources one can get together to support these people.

**b) Experiential knowledge**

Another element mentioned by interviewees that was closely related to skills transfer is the experiential knowledge benefit, especially in PPPs where, because of the obligation placed on the big player to deliver the project, making sure the SMEs were capable of delivering became an integral part of the big players' activities leading to the occurrence of mentoring. Participant one confirmed this by stating;

That is why if we use policy to enforce that SMMEs are always included in big contracts that means a... [large South African developer] will subcontract out to a small business but that they will also be forced to provide some kind of mentorship into the way... [the large South African developer] operates because they have an incentive to succeed on that project, as at the end of the day they are the ones held accountable.

Another part of this benefit was the skills transfer that transpired in two forms. Firstly, there was the *see-and-learn form* of skills transfer which did not necessarily entail the SME's direct involvement in a particular activity on the job. Participant 12 confirmed this when she stated "that is where the importance of PPCs comes into play because they offer a platform for... [Participant 12 as an example] to either have a bit of *job-shadowing* [emphasis added]...". Secondly, there was the *participatory* skills transfer, which Participant five commented on by stating, "they have the skills now as they were working with large companies which included a large player from overseas who transferred some skills to them". Participant 10 reaffirmed this with regards to PPPs, providing further details of the type of skills transfer they look for. He stated;

So, when SMEs enter into PPPs with these big guys there has to be skills transfer to these SMMEs because that gives them exposure that they would normally not get elsewhere.... we require SMMEs not just to be subcontractors but we require that they are able to sit on the board of the SPV, make decisions and participate in the day to day activities of the company, in essence being part

of management, so that they are given an opportunity to learn from this and how these things work and hopefully it allows them to do these type of transactions on their own in the future.

### 5.4.2.3 Networks/Social Capital

#### **Networking**

It was clear that some of the Participants saw great opportunities for the SMEs in PPCs to develop their networks not just with the public and private participants in the PPCs but also with other SMEs that might be involved in the PPC. Some of these networking opportunities lead to joint venture opportunities. With regards to networking with the private sector and public sector participants, Participant four asserted that “in essence the agents don’t see the training of people as potential future competition because in future they might go into relationships where they have shared units or some form of joint venture.”. Joint venture opportunities with other SMEs arose as confirmed by Participant two, who stated that “for example what we have done is we encourage, for example (*sic*) if they are not well established, the SMEs to establish themselves as cooperatives so that we can buy from them”.

Unfortunately, the competitive nature of business overriding the broader agenda of SME development came to the fore through infighting amongst SMEs in these PPCs that hindered their development. Participant four highlighted this when, in relation to the passing away of a key shareholder in a joint SME consortium, he remarked that;

when it came to redistributing her shareholding, a lot of infighting emerged and unfortunately the company lost its key sales people and it is a tenth of what it used to be. So, the stability within that relationship is crucial and I think that is probably where we saw a bit of a problem.

That last part of the quotation highlighted the importance of strong and positive relational capabilities within these PPCs.

Another aspect to networking in PPCs that was beneficial to SMEs was their development of social capital that they would not be able to develop on their own. Participant four highlighted this benefit when commenting that “the market agents [private sector] will take these people [SMEs] and get them established, train them on how to trade, link them to suppliers [private sector] because linkage to suppliers in our industry is extremely difficult”, whilst Participant one specifically touched on the social

capital aspect within PPPs, by stating;

I think the pros of development of SMEs, most of it is with regards to the social capital. Most of it is the introduction to the key people in the private sector in their respective industries, and exposure to the government and what they expect.

This preceding quote highlighted another key aspect for SMEs that related to the networking within PPCs, which was the exposure to the expectations of both the public and private sectors that enabled SMEs to be able to deliver improved quality work.

### **Collaboration**

Collaboration versus a contractual relationship had nuanced differences with significant impacts on SMEs. A contractual relationship created a transactional environment whilst a collaborative arrangement was tinged with incentives to help the counterparty as it resulted in helping oneself. This was gleaned from comments by the Participants such as Participant five's statement, in relation to the PPP he was part, that indicated "it is not supplier-customer relationship, it is a partnership, as a result we and government sit together and see what is working and what is not working and tweak and change accordingly". This statement was further elaborated on by the follow up of;

Most of the time if it is supplier-client agreement [as opposed to a PPP] and they [government] say you must give 30% of work to entrepreneurs then the big player decides to allocate brick delivery work to the SME and no significant roles in terms of understanding what is being built. They can say we will give them work to supply the health and safety equipment, so those SMEs will deliver but they will not be part of the project (its core deliverable) and the big player will find a way to exclude SMEs from the core experience of the project deliverable.

This highlighted another aspect of quality work being generated for the SMEs involved in PPCs that would not normally be offered to them without such partnerships in place. Participant four did however express a contradictory statement indicating that the *low hanging fruit* type of work was provided to SMEs by the public sector in a PPC when that PPC was struggling to incite the private sector to embed itself in the process of developing SMEs through that collaboration. The work in this case related to the maintenance of the infrastructure/market provided by the SOE for the trading done private sector agents. This contradiction can still be construed as a positive element of PPCs, which is the continuous focus on finding avenues to develop SMEs even when the collaboration was not as strong.

#### 5.4.2.5 Goal Alignment

##### a) Demand-linked SME development

An interesting theme that developed from the interviews was the aspect of demand-led development of SMEs whereby PPCs provided unique platforms for understanding the needs and goals of the two distinct sectors of an economy that helped shape the solutioning SMEs generated, which ensured that they were constantly getting opportunities as a result of the relevance of their solutions to both sectors. Participant six, in discussing her involvement in a PPC, stated;

We are demand led and SME centric. So, at the heart of it what we are really passionate about is entrepreneurs and SMEs, helping them grow and accelerate. But at the end of the day we need to make sure that we are growing SMEs that are *relevant to the market* [emphasis added].

This ties into the information sharing theme discussed further on in this section. This was with regards to how important it was for government and private sector to enhance information sharing within the PPC context so that there was more demand-led SME development. This need was currently not being addressed as indicated by the lack of a *clear vision* from the public sector in this tripartite alliance as stated earlier, with Participant eight providing an example of Rwanda, whose clear vision ensured there were reduced deficiencies in their SME development landscape. The Participant also clarified how rectifying the lack of vision would produce the results, stating;

There's a need for a fresh approach that is more strategic, it is like if we used the plan that Rwanda had for how they were going to develop into a knowledge economy and how entrepreneurs fit into that and what sectors they must be specialising in to build that knowledge economy and those kind of industrial hubs, it was very clear. Yes, there is everything else you will be doing but this is the cornerstone of what you are achieving, and we can achieve it *together* [emphasis added].

##### b) PPC Goals present SMEs with opportunities

Tying back to the PPC and SME goal alignment in the earlier parts of chapter five, a lot of the development of SMEs in PPCs arose as a result of the delivery of activities to address the social needs of unemployment alleviation, revitalisation of economies and empowerment of the marginalised. Participant seven went on to link the achievement of PPC goals to the development of SMEs by stating;

Enterprise development made a perfect fit in terms of formalising it [ECD] as kind of “how do we make sure we invest appropriately in these women to start their own enterprises”. So, our whole work operates as a portfolio and as a Private Public Partnership.... So yes, it is SME development but for all of us *our starting point is children and SME development is one of the levers* [emphasis added] of the model to do that.

### **5.4.3 Conclusion for research question 2**

There were in total nine distinct categories drawn from the data relating to characteristics contained within PPCs that are either currently delivering or have the potential to deliver on their ability to develop SMEs. Several of these characteristics had missing and challenging aspects that hindered the PPCs’ ability to deliver on SME development. A recurring theme that came from the data was the lack that government had in certain aspects that needed to be improved on to ensure PPCs are able to become optimum vehicles for developing SMEs. This theme and its related challenges highlighted above did not detract from the potential for PPCs to be SME development vehicles. It was intriguing, especially with the two strongest characteristics (by number of mentions) of *access to funding* and *access to markets*, that often the commentary from Participants lent credence to the fact that when the two sectors, the public and private sectors, came together and utilised their capabilities in a collaborative effort, there was a growth in the impact of these characteristics on SME development that enhanced the credibility of PPCs as suitable vehicles for SME development. This resulted in the development of the overall theme of public private sponsor benefits.

## **5.5 Enabling Environment**

There were two research questions asked that related to figure 10. The first was about the interaction between PPCs and SME development programs. The Participant feedback provided four codes that were aggregated into the ecosystem category (environment of SME development programs) with one of the codes introducing a new program not previously deduced from the literature, *life coaching programs*. The second research question was targeted at understanding what can be done within the micro (internal to PPCs) and macro (external to PPCs) environments to enhance SME development within PPCs. Altogether 13 codes were generated from the transcripts split between two categories of internal contributions and the external aspects. A new category was deduced from the transcripts called *governance*, which some participants believed were crucial within PPCs for the enhancement of SME development.

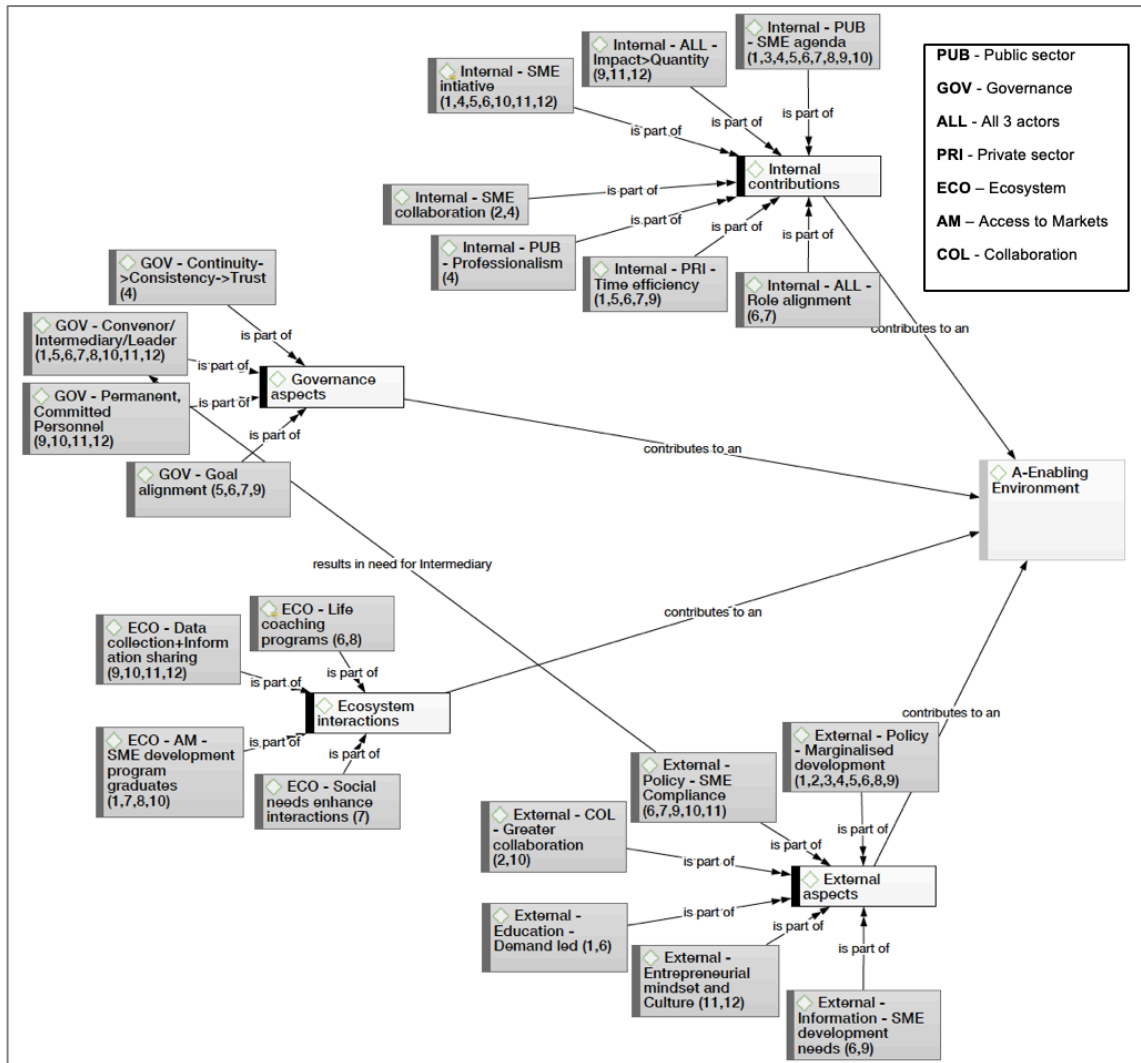
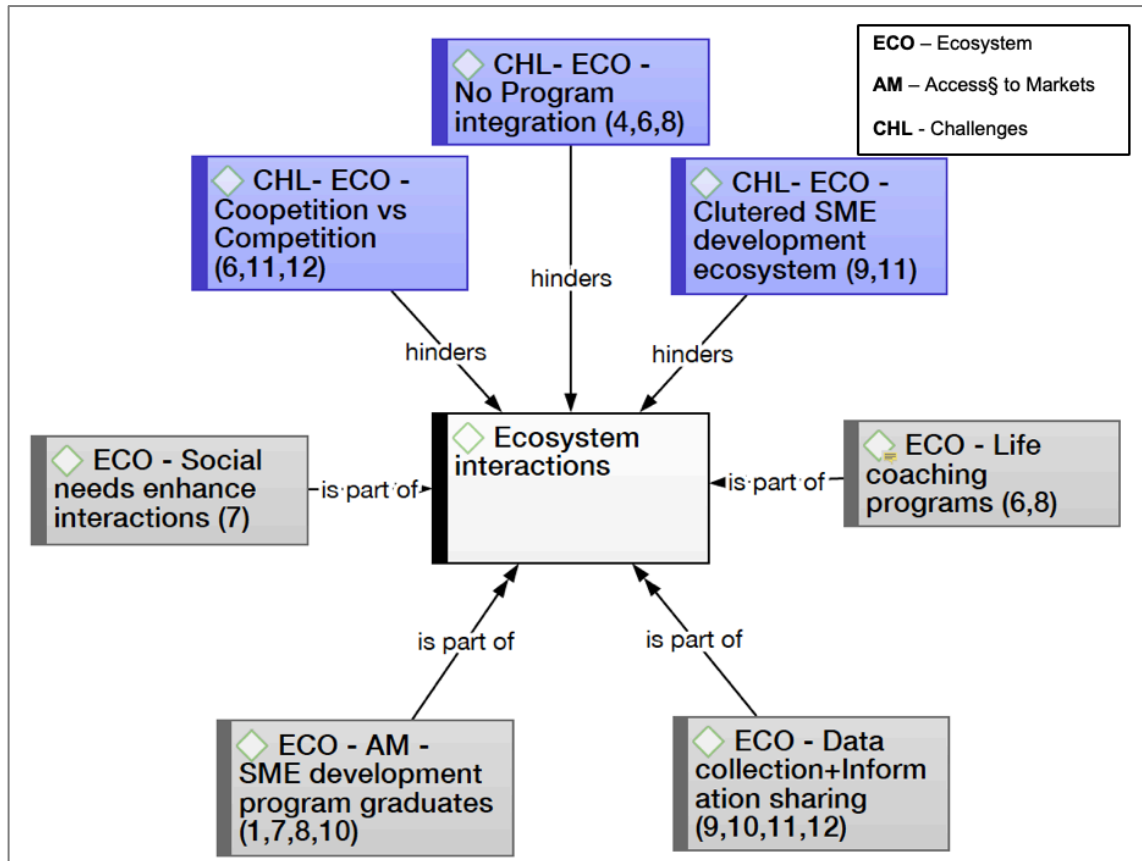


Figure 10 - Code to Theory development - Enabling Environment

### 5.5.1 Research Question 3: What interactions are required between PPCs and SME development programs?

The aim of this research question was to identify the interdependencies between PPCs, and the wider environment of SME development programs that was predominantly made up of business incubators, accelerators and ESD programs. It further looked to identify the areas for improvement in the interactions between PPCs and these SME development programs.





**Figure 11 - Interaction between PPCs and the wider SME development programs**

There were seven codes generated in relation to the interaction between PPCs and the SME development program ecosystem. Four of these were generated out of feedbacks from Participants discussing what the interactions should be. Three of these codes were challenges that Participants felt would hinder such interactions.

### 5.5.1.1 Life coaching programs

A lot of entrepreneurs have brilliant ideas that they are continuously attempting to scale in the market. Whilst incubators, accelerators and ESD programs may offer strong SME development support functions, a lot of these entrepreneurs come from difficult social circumstances and the process of starting and then developing a sustainable business required dealing with pressures that these SMEs were not equipped to deal with. Participant six highlighted the reasons for the need for life coaching programs when stating;

they really want to see these young people employed quickly even though more time, more money and more exposure is needed which equates to 18 months of business development exposure. This accounts for the social ills these young people are also dealing that requires attention and a different approach

combining business development and life coaching. The lack of a different approach is the mistake being made currently in this industry.

The same Participant then commented on the impact the lack of integrating a life coaching program like this had on these SMEs by stating “so many social ills are hindering these entrepreneurs from getting to the next level” before explaining the importance of bringing such programs into the picture by stating that PPCs should be “looking at who are those programs that are providing the life coaching and psycho-social support and how do we collaborate with and bring those in to ensure the business owner has both a business mentor and life coach”.

#### **5.5.1.2 SME development program graduates**

As already discussed in above, SMEs have the benefit of a guaranteed project allocation that PPCs provide, which has a significant influence on the potential for PPCs to integrate SME development programs into a mutually beneficial relationship. The SME development programs have vetting capabilities that could provide credible SMEs for PPC projects as confirmed by Participant seven who, when discussing the communication platforms between PPCs and SME development programs, stated “it depends what the platform is for, if it allows government access to vetted suppliers that allows them to deliver on objectives then ok, sounds like a reasonable platform”. The discussion of the graduation concept within the feedback on research question wo already highlighted the potential for SMEs to transition from the developmental support to the business opportunities provided by PPCs, as part of their developmental journey.

#### **5.5.1.3 Data collection and Information sharing**

Information being made available on a wide scale helps to provide *clarity* to the SME development landscape. Participant eight believed government, in the context of PPCs, should be at the forefront of this by declaring;

If we don't have a clear vision of what we are trying to do with the ESD side (*sic*) or the government spend, that money is going to get wasted. So, government can help to catalyse a lot of it, inject a lot of capital into it, but we need that vision to be clear.

The sharing of information prevents the “silo mentality” from forming and significantly enhances the development of SMEs within the SME development ecosystem. The more integration occurs, the more learning occurs and the clearer it becomes to address the

needs and challenges SMEs face. Participant 11 highlighted the importance of such information sharing by firstly explaining the importance of collating such information, stating;

We have very good data on big business in South Africa. How do we start applying the principles of data collection to the SME sector because we can't also then talk about fixing the sector if we don't have the data around what the challenges are?

The need for the data is clear but Participant 10 then explained the need for sharing this data in reference to enabling SMEs to address the challenges that exist when stating that "there's definitely a need for us as government to share information, to share data. Because if you are someone who wants to start a business you need to be able to base your ideas on the data that is available". Participant 12, from an intermediary perspective, expanded further on this theme by acknowledging the power of ownership of data to its owner, but in the same vein highlighting the potential for it to still be shared even with the existence of such a power dynamic. She stated;

we can actually do research together, we can share information. As we speak, 'it is my information, my data' mentality. *There's an element of understanding [of the silo mentality] in the sense that the way you synthesis and understand the data becomes a deliverable to the partner [emphasis added] that you have, but I am sure we can get to that stage where we can compare notes and learn from each other.*

#### **5.5.1.4 Social needs enhance interactions**

When there's a social need, that is not being addressed, is addressed by combining a collaborative effort between the public and private sector and incorporating SMEs into delivering that social intervention, it appears that there is then greater interactions between PPCs and the greater SME development program sphere. Participant seven made reference to this by stating;

I find the other incubators and accelerators to be quite open and collaborative, though that might be due to the fact that we are in a different space and we not competing for the same funding as it is the only program that I know that is focusing on ECD.

### 5.5.1.5 Challenges

There are challenges that exist in the interactions between PPCs and the SME development program environment that potentially hinder the development of SMEs. These challenges predominantly rest with the SME development ecosystem rather than the PPCs. This was based on the feedback from the Participants. A recurring theme was that of *coopetition versus competition* and its impact on the SME development program environment. Participant six acknowledged this complex theme and reiterated the need for it to be solved for by asserting;

I don't think there are enough people working together/collaborating in industries. It is a difficult one because there is also industry competition and you essentially asking people to involve themselves in coopetition which can be quite a utopian concept. I am not sure how you get it right, but I think we are in a position in our economy where you try as many things and things that fly, fly, and things that fail, fail.

Participant 12, when discussing the importance of information sharing, declared that "It should be seen more as coopetition than competition within the ecosystem". Participant six also added to this theme by referring to the concept of one's ego as being part of the problem hindering the sharing of information in the SME development program environment. She stated "it is very difficult to design a program and get all the incubators to run with it as they feel their own way is better. It is a hard one, difficult to crack. *Ego* [emphasis added] comes in the way."

The limited resources within the SME development landscape, especially with regards to the funding resources discussed earlier, pose significant challenges to the field that leads to a fragmented environment that is not integrated. Participant nine mentioned that "one of the biggest things is that most of the people who are focused on delivering SMME development initiatives... have to be funded somehow... As a result, they are all competing for the same pot of money" which then led to the problem of not wanting to "share either best practices or really what they are doing or what they have put out there in the marketplace. Because if they do then they are opening it up to their competitors to then copy them". This then resulted in the fragmentation as highlighted by Participant four, who stated that "what we found is that there a lot of support programs in our industry and it is fragmented" thereby resulting in what Participant six asserted as the lack of integration with the example of when an SOE actively attempted to create an integrated program, they discovered "how competitive the incubators are. There is no collaboration.

There is almost a belief that everyone's own model is the best [silver-bullet], which is nonsense".

#### **5.5.1.6 Conclusion for research question 3**

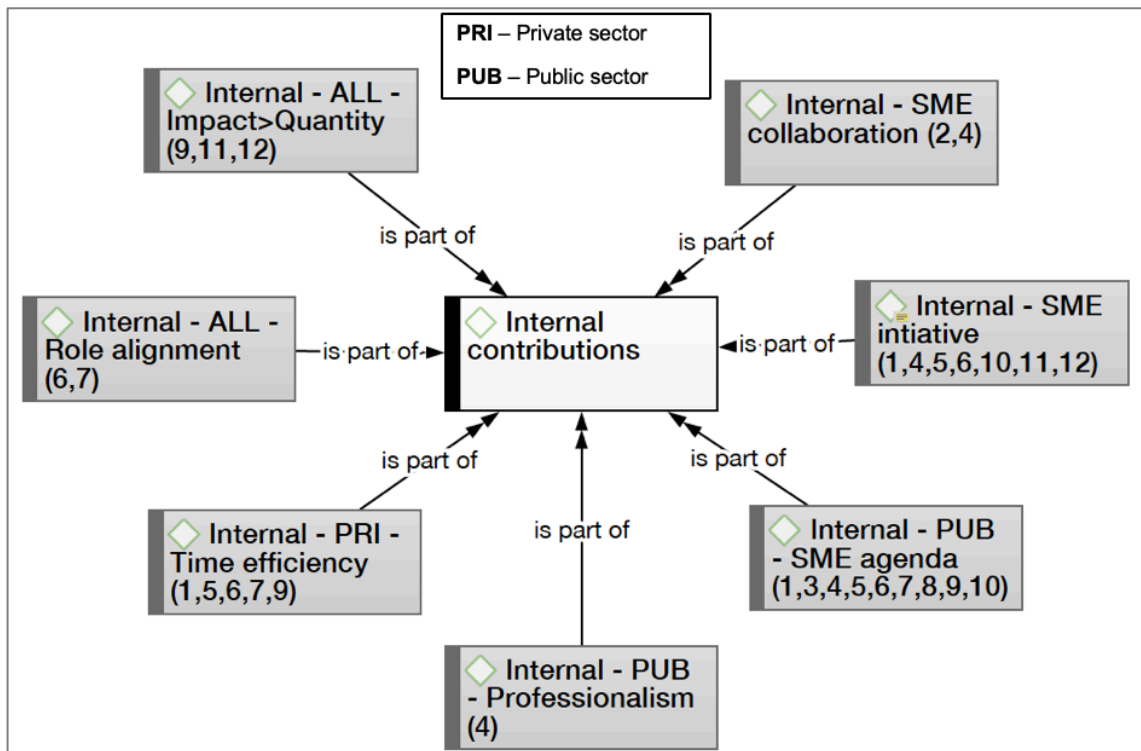
In discussing the SME development ecosystem, the programs usually identified by Participants were the business incubators, accelerators and ESD programs. Participants were forthcoming in highlighting areas where the interaction between PPCs and these programs could enhance SME development. These areas included the provision of access to markets by PPCs to the graduates of these development programs and the increased sharing of data amongst all actors with government at the forefront of this. Another program that was discussed in the interviews that would enhance the SME development ecosystem were life coaching programs to help assist SMEs in dealing with the social complications they face. Finally, it cannot be discounted that challenges do exist, the most significant being the immense amount of competition that exists in the SME development ecosystem, driven by limited funding avenues and a highly fragmented space. The limited funding avenue could be addressed by greater public private collaboration that offers the opportunity of two funding sources, whose goals are aligned, in such arrangements.

### **5.5.2 Research Question 4: What environments will improve the efficacy of SME development within PPCs?**

#### **5.5.2.1 Introduction**

This research question aimed to establish the impact of both the internal and external environments on the development of SMEs by PPCs. It assessed the potential for each actor within a PPC to contribute a positive influence towards the development of SMEs within PPCs (from the perspective of the other actors). It assessed the potential influences of the external environment on PPCs' abilities to develop SMEs.

### 5.5.2.2 The Internal environment



**Figure 12 - Code to Category development - Internal contributions**

There were seven codes developed from the transcripts that related to the enhancement of SME development within PPCs. Each code was classified as a contribution required from one or all of the three actors (being SMEs, public sector participant and private sector participant).

There were several elements discussed by Participants in relation to what needed to be present within the tripartite alliance of PPCs involving SMEs. The element most discussed was the public sector’s involvement as the driver of the SME agenda, which 42% of Participants commented on. Table 10 provides a breakdown of the number of Participants who introduced each of the elements during the interviews. Some elements were deemed necessary for all three actors to have, whilst others were very specific to one of the three actors. As can be seen, a significant portion of the obligation rests with the SMEs and the public sector who are required to contribute extensively to the collaborative arrangement, whilst the private sector had just one element that was required from them to enhance SME development.

**Table 10 - Contributions required from each PPC actor to enhance SME development within PPCs**

Element	Participants	Applicable to:	Exemplary comments
<b>SME initiative</b>	7	SME	<b>Participant 10</b> - “When you come in as a small company, we don’t want you to provide shoddy work. We want you to perform at your maximum. Obviously, you might have challenges, we understand that, but we don’t want situations to occur where you are given RDP houses to build and... you do shoddy work”
<b>SME collaboration</b>	2	SME	<b>Participant 2</b> - “our local economic development department also assists them to form these cooperatives and register them within the city’s database... so, there are people who are tasked with organising them into meaningful cooperatives so that they know what is required from them, so that they can hit the ground running and always look for opportunities and take advantage of those opportunities.”
<b>SME agenda</b>	7	Public sector	<b>Participant 5</b> - “if... they are building a hospital, the large construction company has to partner with entrepreneurs such as artisans doing the electrical work, plumbing, etc. In that they [government] are forcing corporates to work with entrepreneurs by giving them an opportunity to showcase their skills.”
<b>Professionalism</b>	1	Public sector	<b>Participant 4</b> - “The more the market agent is happy the more the farmer is happy because the governance of the market is in good shape. From that level we can then approach the farmers to go on the journey [SME development] with us.”
<b>Time efficiency</b>	3	Private sector	<b>Participant 1</b> - “I would recommend that the corporate keeps the government accountable in terms of the contract plan because that is where government usually fall short, is their ability to deliver on time.”
<b>Impact over Quantity</b>	3	ALL	<b>Participant 9</b> - “So, within an actual initiative itself, it is really about measuring the impact. If all 3 actors are focused on impact and not

			just <i>bean-counting</i> [emphasis added]. I am not saying don't do that, but your key focus should always be are we having the impact. If you are showing the <i>impact</i> [emphasis added], then you have better chance of being sustainable.”
<b>Role alignment</b>	2	ALL	<b>Participant 1</b> - “it is about being human about it for a period of time until that process is well oiled and really seeing from end to end what is it that I need to do, what is it the business development provider needs to do, what is it the SME needs to do, what is it the financiers need to do. Map all those elements out and make it very easy for SMEs to apply.”
<b>Personnel</b>	2	ALL	<b>Participant 9</b> - “what they have actually done is that they have employed people specifically to run the programs.... They have taking them very seriously and they have employed skilled people to do it.”

a) **Small and medium sized entrepreneurs**

**SME initiative**

There were three types of SME initiatives that participants suggested. Firstly, due to that fact that the provision of developmental services can create the wrong mindset with some entrepreneurs, this had resulted in the quality standards of the entrepreneurs within the SME development initiatives dropping. Hence some Participants referred to the need for these SMEs to be focused on delivering the right standards of products and services to ensure that their development resulted in success. Secondly, SMEs needed to be proactive in finding innovative ways to enhance the PPCs for their own benefit as well. Participant six explained her initiative, as an SME, in driving the SME development initiative by stating that “as a small black owned business ourselves we had the opportunity to work with providing the strategy and implementation for an SOE and we were then able to bring in another private sector partner to manage and run the fund.” Finally, another initiative required from SMEs pertained to their commitment to these PPCs, which could be difficult for them considering the entrepreneurial mindset that was tuned towards seeking opportunities. This was highlighted by Participant four when he stated;

The other problem we had was that we had two very good fully black owned market agents who ventured into other businesses and moved their strong



management team to those businesses to focus on those businesses and then they [the PPC business] deteriorated. Those are two areas where we learnt a few lessons and we need to deal with that going forward.

### **SME collaboration**

The challenge of infighting was already referred to earlier in this chapter and was based on a comment made by Participant four that led to the development of this code as a requirement for SME development to be enhanced within PPCs.

#### **b) Public sector**

##### **The SME agenda**

There were numerous comments indicating the importance of the involvement of the public sector to push the field of SME development to the forefront of most economic activities. This was caused by the lack of initiative from the private sector towards the SME development agenda, with some participants mentioning that private sector involvement was driven by legislation, especially B-BBEE legislation. The B-BBEE points were a carrot that government dangled in front of the private sector to incentivise their involvement in SME development. Whilst B-BBEE points did not entirely relate to just SMEs, they did in the main, according to Participant 10 who stated that “big BEE companies are rare to find. The moment you talk about BEE it is generally small.”

Hindrances to driving the SME development agenda do exist within government. One of which was the political influence and the other being a lack of commitment and embeddedness from government agencies involved in the PPPs that could derail the SME agenda.

##### **Professionalism**

A very interesting point raised once was the positive impact professionalism from the public sector had on the progress of a PPC which enabled the private sector to trust the direction the PPC was taking and which then translated into a positive impact on SME development.

#### **c) Private sector**

##### **Time efficiencies**

When the private sector was involved, their contribution to the PPC was the time efficiencies they contributed in terms of the speed of doing things which was in stark contrast to the pace of government. This government deficiency arose when they did not deliver on their defined roles such as providing the land on time for the set-up of the infrastructure needed as per the PPC contract. In providing an example for the challenges the private sector faced in this area, Participant six spoke about it taking a year to get approval for the commencement of a PPC initiative that involved the development of SMEs, expressing her frustration when she stated, “a lot of frustration is around timing. Corporate moves at a very fast pace whilst governments and SMEs move at a different pace.”

#### **d) All participants**

##### **Impact over quantity**

Often times the governance structures of SME development programs placed high regard on the number of entrepreneurs they had progressing through their structures, resulting in targets being set along the same lines. Some Participants considered this to be the *bean counting* concept and had urged that the public and private sector actors in PPCs move away from this mentality to one of *impact* which was focused on how far the SME had progressed on its developmental journey rather than if it had gone through the process. Impact, in relation to the global trends, included focusing SME development programs on how to enable SMEs to move the nation forwards towards being part of the next technological evolution called the fourth industrial revolution. Unfortunately, this impact was not helped by the limited quality of government interventions in the SME development sphere as perceived by Participant nine, who commented “I look at the low impact, I look at the industry complaints from small businesses and this goes for a lot of the government supported SMME initiatives. There are a lot of complaints about them.”

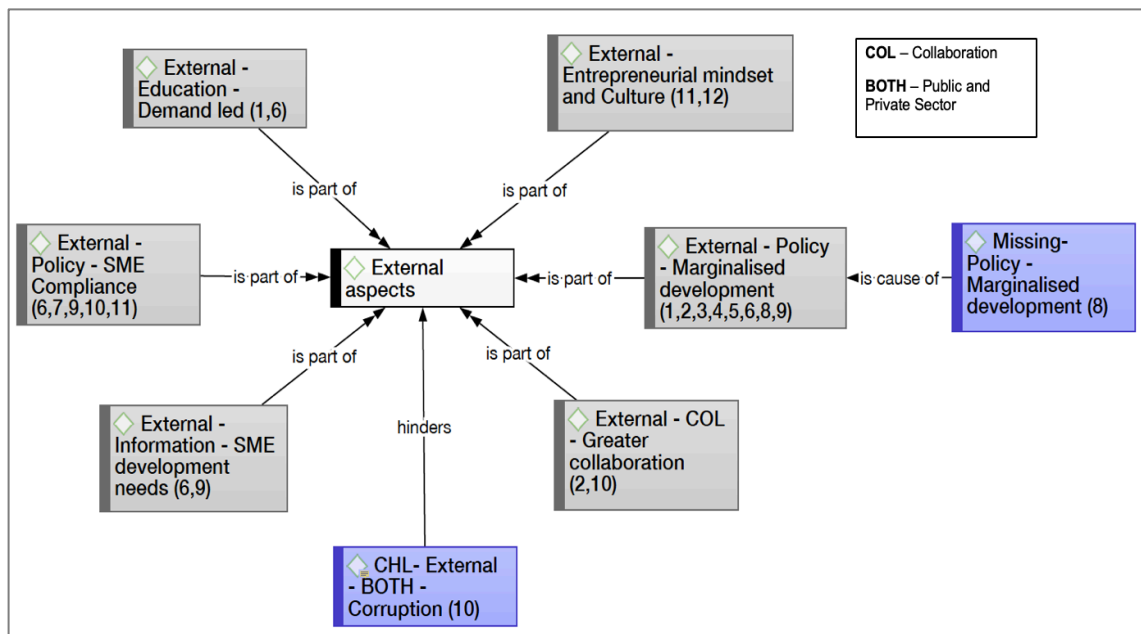
##### **Role alignment**

Two Participants raised the issue of clear understanding of what each of the three actors was contributing to the PPC to make it successful in its development of SMEs. By understanding each actor’s role there was a greater chance of success for the collaborative arrangement. Role alignment could be used to mitigate the challenge of multiple egos in PPCs that was highlighted in earlier.

##### **Personnel**

The type of people on SME development initiatives was influenced by the amount of funding available to the program with a significant number of these programs limited by funding which resulted in contractor-based employment structures which negatively impacted the stability of the program. This was contrasted against PPCs that involved multinational organisations, which were sufficiently funded and whose convenors tended to use permanent employees to manage their SME development initiatives. This resulted in a more stable program with more positive outcomes. Therefore, it can be stated that due to the expanded funding ecosystem that PPCs have, there is a potential for more consistent funding availability that enables program managers to employ and retain skilled staff to run the SME development initiatives.

### 5.5.2.3 The external environment



**Figure 13 - External aspects of the economic environment surrounding PPCs that enhance SME development**

There were several elements at a macro level that were required to enhance the development of SMEs within PPCs. All these elements were discussed in further detail below.

#### a) Policy

#### The development of the Marginalised

67% of Participants alluded to a key aspect of SME development that involved the

consideration of the plight of SMEs owned by the marginalised in the economic landscape. The marginalised included black people (or PDIs in the South African context) and women. Participant one played the devil's advocate by contributing a contradictory perspective, which was the potential damage a focus on the marginalised could have on SME development by stating "The specificity on black can detract from the end goal of just growing business with knock-on effects and naturally, through job creation, we will get there." However, Participant three asserted the importance of such policies by stating;

I think in the South African context I think the market has been dominated by majority large white businesses. So, SMEs, I think, are the new genesis of business in South Africa. They often are black owned, and they are offered the opportunity to enter a market that has been dominated by the large players.

Participant six highlighted the transactional nature it created in the engagement between the private sector's big players and these economically marginalised SMEs by stating;

You [private sector big player] get more points at the end of the day, the SMEs are going to grow and accelerate and get more business, which is what they want, and we are going to fulfil on our mandate which is to help grow and accelerate and provide the development support that they require in order to grow or accelerate.

Participant eight was the most direct about it and one of two Participants to specifically focus on women. She firstly started with explaining that there was not enough being done on that front when she stated, "the black ownership aspects are getting a bit more attention, though it has to be a whole lot more" before stating that;

The first one is a very specific focus on black owned and black women-owned businesses. It has to be the main factor and it has to be deliberate and it has to be singled out. We not yet operating in a level playing field where you can say two businesses established today by entities with different demographics all have an equal opportunity or equal footing or the same type of support.

### **SME compliance requirements**

42% of Participants discussed the difficulties SMEs face in complying with regulations and internal private sector requirements in order to enable them to start working. These administrative and compliance requirements were a significant pain-point resulting in Participant six commenting that;

I think a lot has to change around legislative requirements around small businesses. It hinders everything with small businesses set up to fail from a regulatory perspective. Our regulations were designed for the large corporates and multinationals and not the SMEs. The people writing the legislation don't understand who an SME is, where they come from and what they require.

Participant seven was critical of how these regulations were actually hindering one of the goals of PPCs, which was SME development, by stating;

Understanding that it is very complicated to register an entity, understanding that compliance requirements are impossible for an entity to ever get to which means you are creating a natural blockage in the entire system which means you will never get to your goal [SME development].

Participant 10 spoke on the concept of the *one-stop shop* for SMEs in terms of their entire regulatory compliance requirements, stating;

We [government] need to generally be able to make it easy for individuals to register companies. Because sometimes you want to register a company, the DTI takes you from pillar to post. And if all those things are brought into one, for example you go to the DTI and register a company, you know you are dealing with your tax issues there, everything is dealt with there, so that we make it easier for individuals to start companies.

#### **b) Entrepreneurial mindset and Culture**

The SME development environment requires an entrepreneurial mindset to be generated that permeates society and its way of thinking. This mindset leads to the creation of a culture that allowed these entrepreneurial minds to explore opportunities without fear of failure. The entrepreneurial mindset was created at an educational level as Participant 11 indicated when she stated;

We do need to give people the basic tools around admin, the basic business management skills and perhaps we need to look at an education and skills development level, how do we bring this in and almost standardise the curriculum around that so that... you can take innovative thinking, that you can take skills and you can apply it in a space where you can run your own business.

It is also created at a level of dialogue where conversations encourage that entrepreneurial thinking as highlighted by Participant 12, who indicated;

Whilst others come in with the mentality of this is who I am, can you do the

business plan for me. It doesn't work like that because tomorrow, when a certain opportunity does not arise, who do you blame if you yourself are not gingered (*sic*) to be an entrepreneur.... in essence developing an entrepreneurial mindset and it can be fed through *conversation* [emphasis added].

Participant 12 then spoke on the impact of culture by introducing two concepts of the *survivalist entrepreneur* and the *innovative entrepreneur*, suggesting that the latter was needed in South Africa. She stated;

The whole idea [of having policy hackathons] was to bring in entrepreneurs so that they could impact issues around policy, but beyond that we were talking about how is public sector really (*sic*) working towards creating a conducive environment and most of the guys we were talking to were saying they don't see it. They still see themselves as survivalist type of entrepreneurs than the innovation types. Hence, we end up leaving the continent because France, Germany and America offer you that opportunity of, on a monthly basis, 'I as the government of France am willing to pay you €40,000 monthly so that you come to station F and we assist you'.

She then went on to provide the example of the U.S.A in discussing the importance of the innovative entrepreneur who is allowed to fail in order to succeed, stating;

...resilience and agility. In the States, you can fail 3,648 times, it is ok. Actually, if you don't fail it is a problem. If we can start accepting failure as that is how you learn and that is how you grow. But (*sic*) then there is no culture for that in Africa at this stage. There is still a culture of one time, you fly, and you go.

### c) **Education**

In the context of the demand-led SME development, a key component of that was the education of the population in a manner that directed them towards engaging in activities that aligned them to the economic goals of the country. Participant one stated "you are right that it is more than just education, and that is where the big disconnect is. It is education leading into market access and then you almost see a pipeline of the skill that you can get." Participant six provided an example of the right type of education that was leaning towards delivering skills for the future when she highlighted the success of STEAM schools she had visited and observed. In this regard, she stated;

Everything needs to be demand-led. What kind of education are we providing to our young people that is going to meet the demand of our nation in 20 years from

now? We need to be more strategic in unpacking our trajectory in the next 20 years, so what industries are we focusing on building as a country, are we going to need engineers, software developers, manufacturing, etc? What type of education do I need to meet that demand?

**d) Information on SME development needs**

Currently, there is a perceived lack of information that clarifies what the exact developmental needs of SMEs are in South Africa according to two of the 12 Participants. On the funding front, Participant six declared;

In accessing finance, again the financiers have a very particular way of assessing your business for finance, which is another journey that needs to be walked through. I think there needs to be more partnership that needs to be done between private sector and public sector around understanding the SME and I think that that hasn't been cracked.

On an overall national level, Participant nine declared that;

I think we need to have a high level, and I am not talking a 135-page document, quick analysis of what are the key needs of small businesses, which government is in a position to do, and who is doing what and where are the gaps. Because if we understand that then we are better able to provide initiatives that address it [SME development] holistically.

This links into the discussion about how promoting the sharing of information provides a clearer vision for the SME development sphere.

**e) Greater overall collaboration**

The final element that was needed was greater overall collaboration to enhance SME development nationally. This included collaboration within the government and between the government and the private sector. Participant two identified the need for greater collaboration within government when discussing the handling of PPPs, stating it is "about the inclusion of other spheres of government from National to Provincial so that when they come to deliver projects in our backyards, they must target these SMMEs [that have been trained by the municipality] so that they can benefit from that and that should be legislated." Participant 10 then commented on the wider societal collaboration that was needed by stating;

I think we need to have a broader conversation as government with the key role

players in government when you think about Business Leadership South Africa, Business Unity South Africa, Black Business Council....Because ultimately, we have to come together so that we can come up with the rules that are enforceable and each and every party needs to play a part in drafting of these regulations and laws so that they are enforceable, and we can come up with realistic targets.

#### **5.5.2.4 Governance structures**

Any collaborative effort that involved the public and private sectors will require certain elements of governance that ensured that the goal of SME development was not hindered in any way. Participants provided two distinct governance aspects required in PPCs that enhance SME development.

##### **a) Continuity leading to Consistency leading to Trust**

Participant four, as a public sector representative, essentially played a governance role in overseeing the running of a platform that allows for the interaction between the government, private agents and SMEs. He stressed the importance of creating an environment of continuity for SMEs that allowed SMEs to transition to a place of trust with private actors which in turn allowed them to continue developing as a business. He stated;

In other words, you must have that continuity with SMMEs, and I think that is the biggest challenge in our industry at the moment.... So, one must create a base for them where they are able to consistently supply.... Then very important again in our industry is the issue of trust, in other words you must enable them to establish and sustain trust with the people they are doing business with.

This was an important governance role that the Participant highlighted as it was part of developing an enabling environment for the SMEs whereby someone was actually helping them move progressively from instability to stability.

##### **b) Convenor, Intermediary, Leader, Steering Committee**

A critical governance element that was affirmed by 67% of Participants was that of the presence of an intermediary to guide the progression of the PPC to ensure it delivered on its goal of SME development. Several titles were given to this intermediary including convenor, leader and steering committee. Participant one started with this theme by stating;



The only thing I want to add is that the more players you have involved, the more you need to make sure that you have a clear champion or someone constantly driving the project. In a lot of research done by the Beyond Advocacy Fund, that was the measure of success. That is whether there was a key person/champion of the project, that managed the entire project plan from beginning to end and held all the counterparties accountable.

Participant six identified the need for the presence of a business development support provider as an intermediary in PPCs within the context of ESD, stating “For me the key actor in all of this are the business development support provider. For example, we spend a lot of time building the bridges between all 3 actors.” Participant eight then went on to espouse the importance of PPCs in SME development but with the presence of a driver, stating;

I think the idea of collaborations is a good one, but I think making it work needs one of the players, be it the public sector or the private sector to drive it and invite the other one into it. I think one of its biggest challenges is it's driving itself. I think it can achieve a lot and it can organise a lot of things, but unless it is created, everybody's work is just scattered all over.

### **c) Monitoring and Evaluation**

The final characteristic that PPCs have that enhances SME development is the monitoring and evaluation of the progress of the SMEs to ensure that the interventions that PPCs are providing to the SMEs' development were working and delivering the required results in line with the goals of PPCs discussed earlier. Participant six asserted the importance of this characteristic by stating;

To have a decent entrepreneurship development plan you need to be able to develop your entrepreneur not only from the business advisory and mentoring that you providing, but you have to have a very strong monitoring and evaluation tool to map the progress of the business which holds you accountable as a service provider.

Participant nine confirmed its presence in some of the PPCs that she had been part of by stating;

The key to these things is monitoring and evaluation because as with anything, you can come up with some very brilliant concepts, but until such time as you have implemented it and monitored it, you are not really going to know its impact.

So, for me monitoring and evaluation is absolutely key, and I do feel this is an area that requires more work.... The successful PPCs, those elements [including monitoring and evaluation] have definitely been there.

Participant nine's assertion of the need for more work was confirmed by several other Participants. The lack of regular reference to this theme as being present in PPCs combined with Participant nine's confirmation of the need for more work to be done in this area did not devalue the importance of it in the context of PPCs developing SMEs, especially considering the increased reference to it as a contribution that needed to be enhanced by public and private sector participants in PPCs.

The implementation of such monitoring and evaluation by the governance structures in place would enhance the SME development within the PPC arrangement to ensure the activities of the PPC were still in line with the target of positive *impact* on SME development.

#### **5.5.2.5 Challenges: Corruption**

A hindrance mentioned by Participant 10 that could not be ignored was that of corruption, both in the public and private sectors, which impeded the value SMEs were able to generate through their development. The Participant stated;

Corruption is a major one because sometimes before SMMEs can even get any tenders, comrades have lined up to say, "we can give you this deal, but just know that 20% of the deal has to come back". So, we need to know how to deal with corruption at that level to ensure that companies are given an opportunity to thrive and do their work without being threatened to pay.

#### **5.5.2.6 Conclusion for research question 4**

There were numerous interventions for creating an enabling environment that enhanced the potential for PPCs to be an optimum vehicle for SME development. These interventions occurred at the micro level (within the PPC itself, amongst its three actors) and at the macro level within a South African context. Strong feedback was received around the importance of SMEs taking initiative in different ways from being innovative to being committed and focused on the PPC opportunities even though their opportunity seeking make-up may entice them try several avenues at once. The other strongest element that should be contained within the PPC was the presence of a driver who had the SME agenda as a priority, which in most cases was deemed to be the government

as per the feedback from the Participants. At an external level, the elements most strongly suggested included the strengthening of policy that supported the development of the marginalised SMEs (PDIs and women) and the easing of regulatory requirements on SMEs to facilitate a speedier transition from starting a business to being fully operational and engaging with the market for business opportunities. Finally, the presence of a leader/driver in these PPCs is critical for the success of PPCs as vehicles for SME development.

## 5.6 Conclusion on results

It was determined that there is potentially goal congruence between the goals of developing SMEs and the goals of PPC with regards to the four goals of *job creation, revitalisation of economies, the development of SMEs led by the marginalised* and *the development of SMEs* in itself. It was then determined that there were characteristics that Participants believed PPCs have or could potentially have that enabled them to be strong SME development vehicles, with the strongest characteristics being their enhancement of *resource accumulation* (mainly funding resources and market access), *skills acquisition* and the SMEs' *network strength*. There was already an environment of SME development support programs, and the interaction between PPCs and these programs could enhance the development of SMEs within PPCs.

Finally, in response to the query around the environment within and surrounding PPCs, Participants highlighted contributions that each of the three actors (public sector, private sector and SMEs) should make to the collaborative arrangement to enhance SME development, with the most significant feedback (83%) being the public sector's reinforcement of the *SME agenda*, followed by the *time efficiencies* that the private sector bring to the PPC (42%). Participants then highlighted the contributions required at a macro level, with the most significant being enhanced policy directed at improved advancement of SMEs owned by the *marginalised women and PDIs* (67%) and policy *alleviating the administrative compliance requirements* of SMEs (42%). Participants finally highlighted the need for a governance structure that had a governance leader who ensured that *continuity led to consistency which then led to trust* to enable the SMEs to perform. Chapter 6 follows this chapter and discusses the above results mentioned in relation to the research questions and the literature reviewed.

## **Chapter 6: Discussion of Results**

### **6.1 Introduction**

This chapter is a compilation of the discussions of the results in terms of both the research questions and the literature review performed in chapter two. The results were analysed in this chapter alongside the related literature to identify areas of corroboration, disagreement, subtractions and additions between the results and the literature. These discussions were then aggregated into a summarised format to highlight the dominant themes that contributed to the development of the model that explained the concept of SME development within PPCs.

### **6.2 Research Question 1: What alignment exists between SME development goals and PPC goals?**

The aim of this research question was to identify the goals of SME development and PPCs and determine if there was any congruence between both goals that provided this study with goal alignment between its two major constructs.

#### **6.2.1 Goal alignment**

##### **6.2.1.1 SME development and PPC goals**

###### **a) Goals mentioned by Public and Private sector Participants and SME Participants**

A significant number of Participants (75%) did point to job creation and revitalisation of the economy as important goals of developing SMEs and PPCs. 33% of Participants spoke to the goal of increasing the participation of marginalised business owners (PDIs, with regards to South Africa's historical context, and women) as the reason for developing those SMEs. It was interesting that 17% of Participants did view SME development as a direct goal of PPCs, though no literature was identified that corroborated this.

Job creation as a goal of SME development was corroborated by Ayyagari et al. (2014) who suggested that SMEs are vital for job creation in developing countries whilst Roehrich et al., 2014 and Crispeels et al., 2018 did specifically highlight job creation as a goal of PPCs as well. Revitalisation of economies as a goal for developing SMEs was

suggested by Mamman et al. (in press) who, like several other researchers, concurred by stating “a country or society that has an entrepreneurial culture [leading to more SMEs] will have a greater expansion of the private sector, thus leading to higher economic growth, lower unemployment and a lower incidence of poverty” (p. 5). SME development that incorporated the goal of women empowerment through the establishment of women enterprise policy (Arshed, Chalmers & Matthews, in press) and policies to advance PDIs (Littlewood & Holt, 2018) highlighted the development of marginalised-owned SMEs as part of the goals of SME development. There was however limited literature that was identified which highlighted the revitalisation of economies and the advancement of the marginalised individuals as goals of PPCs.

### **b) Other goals**

Other goals mentioned by Participants were mentioned as either SME development goals or PPC goals by either the public and private sector Participants or the SMEs, but not both. These included the PPC goal of creating innovative solutions through investment in innovative SME development support programs or investments in SMEs developing innovative solutions (25%). Other PPC goals mentioned by Participants included the transferring of skills from the private sector to the public sector (17%), the maximisation of the transfer of risk from the public sector to the private sector (17%), the delivery of ECD (17%) and Internationalisation of the SMEs working within the PPCs (8%). The one SME development goal that fell within this category was that of creating the next group of large corporates (8%).

The literature reviewed highlighted researchers agreeing with the concept of the transfer of risk in PPPs that resulted in an appropriate allocation of risk amongst all parties (Burke & Demirag, 2017; Roehrich et al., 2014) but disagreed with the maximisation of this risk transfer because the focus needed to be on the allocation of risk to the parties best able to manage those risks (Curtain & Betts, 2017).

#### **6.2.1.2 Goal alignment**

The synthesis of goal congruence between SME development goals and PPC goals began with the analysis of the goal of delivering ECD in which the Participants noted that ECD could not be achieved by either the public or private sectors alone. This aligned with the PPC goal of social value creation (SVC), which was the creation of positive outcomes to society that neither the public sector nor the private sector could achieve on their own (Caldwell et al., 2017). Therefore, whilst job creation was the only goal

confirmed as both a SME development goal and PPC goal within the literature reviewed, the two other goals mentioned by the public and private sector Participants and the SME Participants could be seen to fall under the ambit of SVC and hence be goals of both SME development and PPCs.

There was very limited evidence in the literature that suggested that the private sector (excluding SMEs) could not contribute to the revitalisation of an economy. Rather SMEs were seen as enablers of economic growth by feeding into the expansion of the private sector (Mamman et al., in press). Therefore, the evidence from the literature did not necessarily place revitalisation of the economy within the ambit of SVC based on the definition of SVC. Finally, the empowerment of the SMEs owned and led by the marginalised, especially women, had been difficult for both the government through public policy (Ahl & Nelson, 2015) and the private sector, due to its maintenance of marginalisation practices/norms that were entwined in the fabric of the sector (Yang & del Carmen Triana, 2017). Therefore, this appeared to fall within the ambit of SVC based on the SVC definition within the context of PPCs that enabled it to be considered a goal of PPCs as well. In summary, if SME development delivered outcomes that the public and private sectors could not deliver alone, then it delivered the PPC goal of SVC.

### **6.2.2 Conclusion for research question 1**

After synthesising the feedback from Participants and reviewing the literature, it was established that when the achievement of a goal resulted in the achievement of a social outcome that neither the public nor private sectors could achieve on their own, then social value was created (Caldwell et al., 2017). Achievement of at least two SME development goals (job creation and the advancement of marginalised-owned SMEs) fell within the definition of SVC and justified establishing SME development as a goal of PPCs. This was illustrated in figure 14 below. The figure illustrates the public and private sectors coming together to form a PPC which has a goal of SVC that SME development helps to deliver.

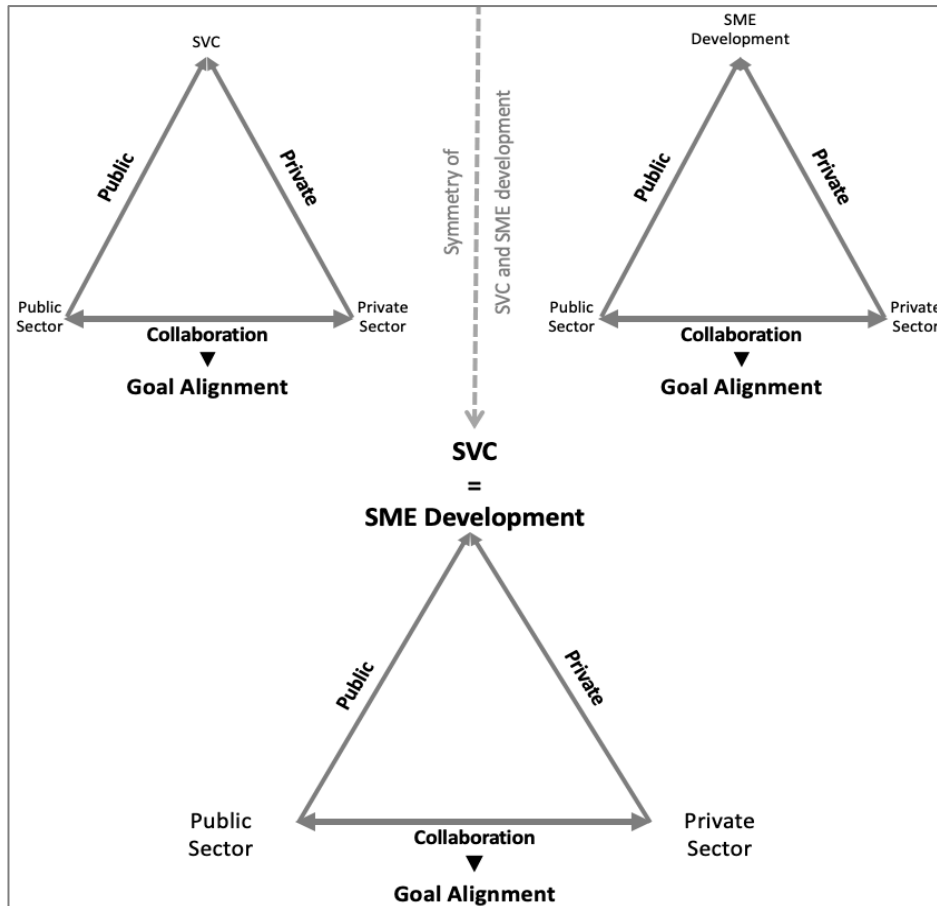


Figure 14 – Symmetry of SVC and SME development within the PPC Pyramid

### 6.3 Research Question 2: What characteristics do PPCs have that enable SME development?

The aim of this research question was to identify characteristics that appeared in strong SME development programs, which were then subsequently discussed in consideration of the Participants' feedback in chapter five. This helped to objectively establish the attributes that PPCs had which enabled them to be suitable vehicles for SME development. Furthermore, this research question aimed to identify the challenges that PPCs would need to overcome to be able to become that optimum vehicle for SME development.

#### 6.3.1 Characteristics that amplify SME development and are present in PPCs.

##### 6.3.1.1 Networks/Social Capital

67% of the Participants saw great opportunities for the SMEs in PPCs to develop their

networks not just with the public and private participants in the PPCs but also with other SMEs that might be involved in the PPC (rather than infighting between them). It was suggested that some of these networking opportunities lead to joint venture opportunities with some of these joint venture opportunities being with other SMEs. It was suggested that it also led to better understanding of public and private sector desires. The Participants highlighted the nuanced differences between collaboration and a contractual relationship, with significant impacts on SMEs. A contractual relationship created a transactional environment whilst a collaborative arrangement was tinged with incentives to help the counterparty as it resulted in helping oneself. Collaboration also enabled the element of quality work/business being generated for the SME through PPCs. Whilst sometimes the work/business was not of the best quality, the desire to find business for SMEs even when the collaboration was weak was deemed a positive by a Participant.

The key concept of bridging (encouraging partnerships, connectivity and collaboration) was deemed essential to the development of SMEs for any SME development program to succeed, with SMEs unlikely to develop a strong social capital on their own (Autio & Rannikko, 2016; Stam et al., 2014). The joint-venturing opportunities aligned with literature on relational capabilities within these PPC networks that included knowledge-sharing practices and the development of new competencies through partner joint venturing as discussed by Gillis et al. (2014). The literature suggested several dimensions to networking as being key for an SMEs development such as a broad network (Autio & Rannikko, 2016), a quality network developed out of quality time spent with contacts (Semrau & Werner, 2014), a diverse network with ties with persons at different social ranks and from different backgrounds (Stam et al., 2014) and finally network identity that was built on strategic selection of contacts to enhance the firm's reputation for its sustainable performance over time (Partanen et al., in press). Therefore, whilst PPCs offer the broadness, quality and diversity, there was still a need for each SME to develop their own unique network identity. The significant amount of literature discussing the importance of developing a network highlighted the detriment of the competitive nature of business overriding the broader agenda of SME development that resulted in infighting amongst SMEs in these PPCs. With regards to collaboration, it was deemed vital for SMEs to collaborate amongst themselves and with the large firms (Bengtsson & Johansson, 2014; Kusa et al., 2019) but it was also recommended that it be underpinned by *role flexibility*, which involved balancing the cooperative and competitive roles of the small and large firms to ensure SMEs continued benefiting from opportunities and *role agility*, which involved the development of an increased amount of



relationship portfolios to avoid over-dependence on specific partners (Bengtsson & Johansson, 2014).

### **6.3.1.2 Resources**

The resources mentioned by Participants were categorised as funding resources, market access or resources not falling within the ambit of the two preceding resources (in essence *other* resources).

#### **a) Resources: Funding**

83% of Participants highlighted how funding was a resource that impacted SMEs' development, with 58% of Participants highlighting positive characteristics of PPCs that enhanced this resource and 50% of Participants highlighting negative characteristics of PPCs that hindered this resource. Whilst most Participants confirmed that PPCs did provide SMEs with access to finance, what was clear was that when the public and private sectors came together, this access to finance was enhanced. Not only was the quantity of this funding enhanced but so also was the duration of its provision. There were multiple further SME funding enhancements that Participants suggested. Participants suggested that SMEs in PPCs were able to access funds because their development resulted in outcomes that matched the goals of both the public and private sector participants involved in the PPC. They also suggested private sectors management skills enticed more public funding involvement. A key aspect to PPCs' enhancement of the SME funding environment was the awareness campaigns driven within PPCs that focused on highlighting the multitude of funding sources accessible to SMEs. Finally, there were counterarguments that the funding provided by PPCs were inadequate.

There were limited literatures discovered supporting the view that PPCs increased SME funding. Therefore, the synthesis of literature on SME funding was required. Woolly's (2014) suggestion that the combination of public sector and private sector funding indicated the backing for a specific field confirmed that an SME development in PPCs showed backing for SME development by both sectors. This was supported by Cravo and Piza (2018) who suggested that matching funds, which were government funds directed at their explicit goals, had a positive impact on the performance/development of SMEs. Therefore, when SME development aligns with PPC objectives, funding from both sectors is expected to be directed towards SMEs to advance the goals of both sectors according to the matching fund principle. The suggestion that PPCs focus on increased

funding awareness was an enhancement of SME funding was corroborated by Wright et al. (2015), who suggestion that a lack of awareness on the part of SMEs had contributed to their inability to access funding, especially from alternative sources such as crowd-funding. However, strong relational ties between the SME and the two sectors (Jonsson & Lindbergh, 2013) and a strong aptitude for converting funding into a strong marketplace position (Atiase et al., 2018) highlighted how further initiative from SMEs was required to convert this positive attribute of PPCs into a sustainable benefit for the SMEs. Overall the literature did suggest that public private collaboration that involved SME development would have a positive impact on SMEs' access to finance, which was a vital resource for their development.

#### **b) Access to Markets**

50% of Participants highlighted the access to markets offered by PPCs in terms of a guaranteed project allocation being made available to SMEs in PPC arrangements. It must be noted that most of the references to this characteristic were in relation to PPP projects. 17% of Participants then indicated that PPPs present a key conduit from SME development programs to market access for the SME graduates. Another interesting concept that arose in the interviews was the commitment by some of the PPCs to generate some exposure to international markets for the SMEs. This highlighted the focused approach to exposing SMEs to as much market access as possible, not just local ones. Furthermore, 33% of Participants pointed to the evidence of expanded business operations of SMEs post the PPP project as evidence that PPCs are a strong foundation for business expansion. Though a slight limitation existed with regards to the fact that this market access guarantee did not apply when it came to the larger projects. Other limitations noted included the challenge of an over-reliance on PPCs by the SMEs resulting in them experiencing some buffering that limits their participation in the open market (25%), the limited quantity of opportunities they offer SMEs (17%) and the risk received in PPPs by falling under the private sector (17%).

The literature highlighted guaranteed business allocation as buffering policies whereby governments shelter young firms in the form of privileged access to government contracts (Autio & Rannikko, 2016) and was confirmed as present in South Africa in the form of prescribed minimum levels of subcontracting (30%) to black enterprise SMMEs in PPP contracts (Department: National Treasury, 2004). Autio and Rannikko (2016) supported such policies as vital for creating growth for SMEs, thereby discounting the suggestion of over-reliance to an extent. In the same vein as PPCs provide two funding

avenues, PPCs also offer two market access avenues. Preferential procurement programs (from both governments and corporates) provide a base for SMEs to expand their markets and grow the business, even to the point, in some circumstances, when these programs are discontinued (Shelton & Minniti, 2018). PPCs internationalisation of SMEs appears to be a strong quality as evidence suggested that exporting resulted in the growth of SMEs at a pace that was twice faster than their non-exporting counterparts (Love & Roper, 2015), with PPC assistance vital considering SMEs' disadvantage of size and *foreignness* (Li et al., 2018). To mitigate the risk transfer limitation, there should be the appropriate focus on what the SME is best able to handle rather than maximising the risk transfer to them (Curtain & Betts, 2017). There was not extensive literature discovered regarding the size of PPC business.

Another limitation/challenge that could be attributed to the South African context of poor labour development was the lack of skills to deliver on specialised projects, resulting in the government having to obtain international expertise to complete such projects and large corporates greater than their 70% allotment. Linking into the concepts of EL and internationalisation, the literature provided a solution to this challenge whereby it was suggested that a combination of experiential and vicarious learning in international markets provided significant competitive advantage for SMEs (Liu et al., 2015), therefore when that international expertise comes into the country or that large corporate dominates the contract delivery, the PPCs should endeavour to promote EL and VL on those projects to enable the local SMEs to enhance their development by gaining the international and local insights that will give them a competitive advantage.

### **6.3.1.3 Skills Acquisition**

67% of Participants referred to some sort of training, skills development and experiential learning that is gained by SMEs within PPCs. This, in essence, was the assistance SMEs received from the private sector participants in understanding how to run their business in a better way and how to deliver on the technical aspects of the work itself. The cause of this training was the obligation placed on the big player to deliver the project which led to the big players making sure the SMEs are capable of delivering became an integral part of the big players' activities leading to the occurrence of mentoring. Participants highlighted the skills acquisition that took place in PPCs took two forms namely, the *see-and-learn* form of skills acquisition which did not necessarily entail the SME's direct involvement in a particular activity on the job and the *participatory* skills acquisition that did involve the SME's direct involvement in a particular activity on the job.

With regards to the importance of training, Martin et al. (2013) suggested that academic EET and more vocational-type training EET were similar in impact on the running of a business, which did not preclude the suggestions by the Participants but enhanced them with the suggestion that vocational training, whilst still very important to the SMEs (Cho & Honorati, 2014), should be supplemented by classroom training from educational institutions. The acquisition of skills identified as existing in PPCs that led to the development of SMEs was corroborated by the literature with Liu et al. (2015) identifying the two forms of skills acquisition mentioned earlier as vicarious learning (VL), with regards to *see-and-learning* skills acquisition, and experiential learning (EL), with regards to *participatory* skills, that, in combination, provided SMEs with competitive advantages in their markets that enabled them to grow through enhance opportunity identification. However, some researchers identified the bias EL created in entrepreneurs' decision making as stumbling block to the growth of their business (Gottschalk et al., 2017). This still did not discount EL's importance in the developmental journey as the benefits were still significant, including understanding how to convert more opportunities into successful wins (Flynn & Davids, 2017) and generating knowledge that enhanced innovation and modernisation of the small business (Woldesenbet et al., 2012).

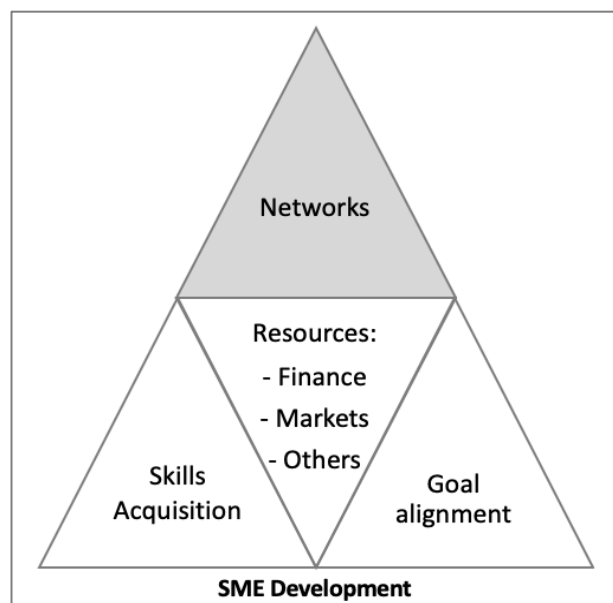
#### **6.3.1.4 Goal alignment**

17% of Participants suggested that the development of SMEs should be based on the economic demand present within South Africa to ensure a demand-led SME development. Mamman et al. (in press) corroborated this by suggesting that one of the key aspects limiting policy effectiveness in Africa has been a supply-side focus in addressing SME development rather than a demand-side focus that had proven successful in South East Asian countries. 17% of Participants then suggested that PPC goals enabled more SME opportunities, with the example of ECD delivery utilised. This suggestion was corroborated in section 6.2.1.2. In essence by having the public and private sectors present in a collaborative arrangement, SME development is enhanced by the projection of the two sectors' goals through the PPC that presents the SMEs with increased and improved opportunities.

### **6.3.2 Conclusion for research question 2**

The first of the four key characteristics that Participants suggested were necessary for strong SME development to occur and which were confirmed within the literature was

the need to enable the SMEs to develop a strong network/social capital that led to the other three characteristics. This pointed to the concept of bridging being enhanced by PPCs in a tripartite alliance (public sector, private sector, SMEs) and which was underpinned by strong relational capabilities. The presence of two sponsors enhancing the bridging for SMEs within PPCs led to the formulation of the *public private sponsorship (PPS)* concept as an extension on Autio and Rannikkon's (2018) concept, which was the foundation of the newly formed pyramid as highlighted in figure 16. The networking characteristic is highlighted at the apex of the newly formed PPS pyramid which then filters through to promote the enhancement of the three other characteristics/attributes. These were SMEs' access to resources (funding, markets and other), the acquisition of skills that enabled SMEs to deliver and perform and, with specificity to PPCs, the enablement of goal alignment through various means. These characteristics/attributes were confirmed as vital for SME development within the literature and present within PPCs (within the context of SME development) according to some of the Participants, though challenges were highlighted and suggestions from the literature were provided to strengthen the development of SMEs within PPCs. Figure 15 shows the characteristics/attributes for SME development and figure 16 shows the presence of these characteristics/attributes within the PPC pyramid developed in research question one and updated to become the PPS pyramid



**Figure 15 - SME development characteristics**

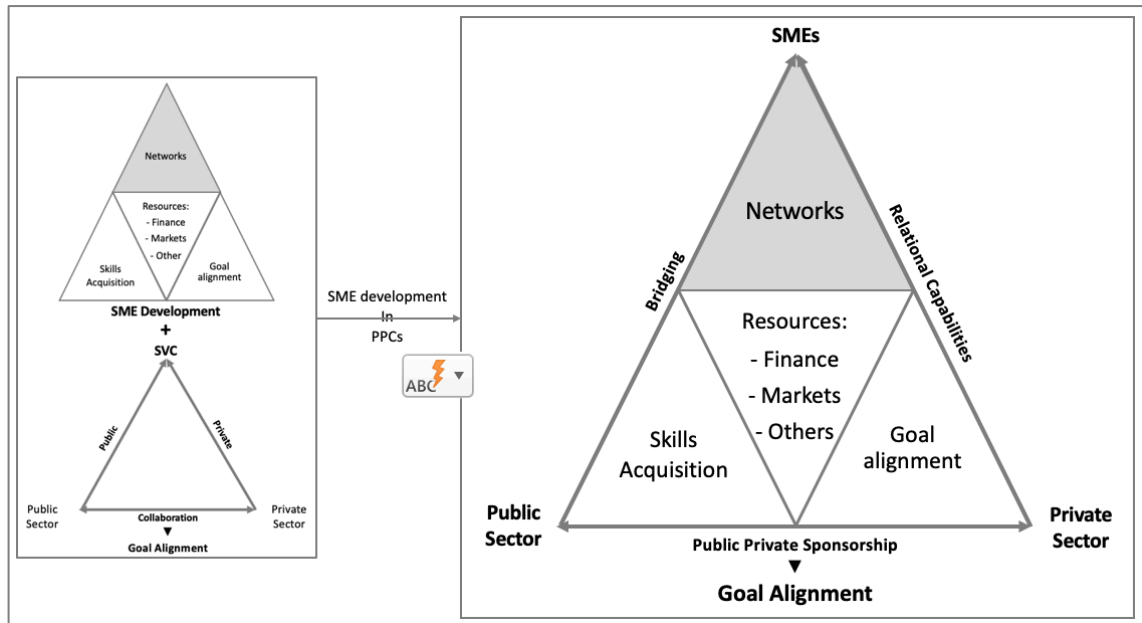


Figure 16 - SME development within PPCs – The PPS pyramid

## 6.4 Enabling Environment

### 6.4.1 Research Question 3: What interactions are required between PPCs and the SME development programs

This research question aimed to establish what levels of interaction were required between PPCs and other SME development support programs. This research question will assess the links that PPCs might have (or should have) with the other SME development programs and if there is potential for PPCs to push the boundaries with regards to the extent to which they can bring other elements into their structure that are present in other SME development programs.

#### 6.4.1.1 Suggested Interactions

33% of Participants suggested information being made available on a wide scale would help to provide *clarity* to the SME development landscape and its effect on the advancement of the economy, and that the government, in the context of PPCs, should be at the forefront of this. The sharing of information prevents the “silo mentality” from forming and significantly enhances the development of SMEs within the SME development ecosystem that includes both SME development support programs and PPCs. The more integration occurs, the more learning occurs and the clearer the approach is to address the needs and challenges SMEs face. As already discussed in

above, 33% of Participants suggested SMEs had the benefit of a guaranteed business allocation that PPCs provide, which had a significant influence on the potential for PPCs to integrate SME development programs into a mutually beneficial relationship. These Participants suggested that the SME development programs had vetting capabilities that could provide credible SMEs for PPC arrangements. 17% of Participants noted that a lot of entrepreneurs have brilliant ideas that they are continuously attempting to scale in the market but are faced with pressures that these SMEs are not well equipped with dealing with. This required the integration of a life coaching program into interactions between PPCs and the SME development program ecosystem. Finally, one Participant suggested that when a social need, that is not being addressed, is addressed by combining a collaborative effort between the public and private sector and incorporating SMEs into delivering that social intervention, it appeared there was then greater interactions between PPCs and the greater SME development program ecosystem. This final suggestion was addressed in detail in section 6.2.1.2.

With regards to the suggestion of greater integration and less silos, Autio and Rannikko (2016) provided an example to support the importance of this code, whereby in Finland the presence of a comparatively limited number of policy agencies that were centralised contributed to their claim of being the leaders in high-growth entrepreneurship policy. The need for information sharing is reinforced by one of the elements of relational coordination, mutual knowledge, which is “a precondition for effective communication and the performance of cooperative work” (Caldwell et al., 2017, p. 908) and enables greater collaboration within the SME development ecosystem. The importance of linking credible SMEs to credible markets was already corroborated with the example of ESD programs which were offering SMEs access to markets with the development of policies targeted at using Supplier Development as avenues for SME development/growth (Arráiz et al., 2013). The gap in providing this service from business incubators and accelerators (Table 2) (unless the provision of access to networks is viewed as the first step to offering the service) presented an opportunity for these programs to tap into the readily-made market of PPCs with the provision of readily-made SMEs. The suggestion of the inclusion of life coaching programs was supported by Mamman et al. (in press) who suggested that even whilst trying to develop an entrepreneurial culture through development of entrepreneurial education, it was still vital that it was underpinned by life skills development promoting the “right” social practices and qualities.

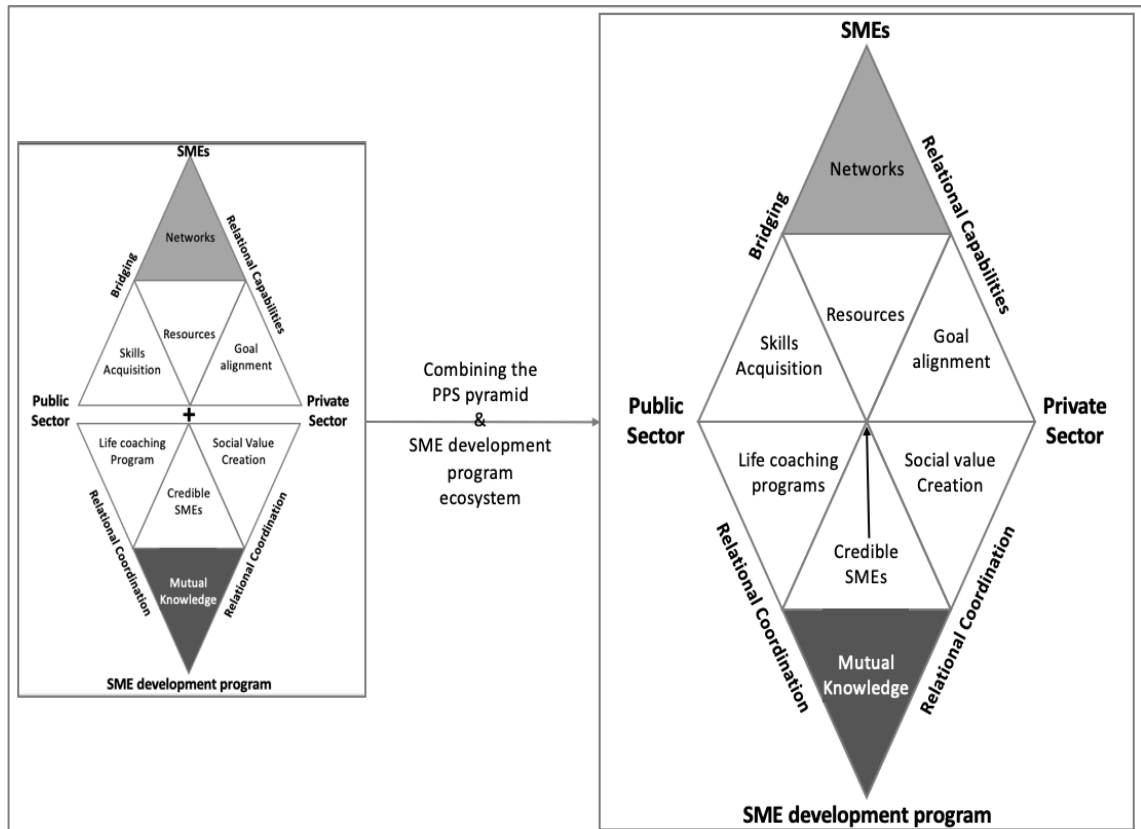
### **6.4.1.2 Challenges**

Participants highlighted challenges that exist in the interactions between PPCs and the SME development ecosystem that could potentially hinder the development of SMEs. These challenges predominantly rest with the SME development ecosystem rather than the PPCs based on the feedback from the Participants. A recurring theme was that of *coopetition versus competition* and its impact on the ecosystem. The concept of ego was determined to be part of the problem facing information sharing in the SME development ecosystem. If SMEs and large firms could implement coopetition mechanisms as part of collaborating to enhance SME performance (Bengtsson & Johansson, 2014), then the support programs for these SMEs should be able to do the same. Yoo et al. (2016) highlighted the importance of alliance learning, which is organisational learning within alliance arrangements, that provides a suggested solution that addresses this challenge. Yoo et al. (2016) confirmed that one of the three determinants of alliance learning, strong relational ties, provided the strongest enhancement to alliance learning that enabled greater benefits from the SMEs' collaboration.

### **6.4.1.6 Conclusion for research question 3**

The preceding suggestion by Yoo et al. (2016) ties in with relational capabilities theory and is vital for any collaboration to be enhanced. Therefore, whilst the suggestions of an additional life coaching support program and greater information sharing are valid, underpinning the achievement of an enhanced interaction in the SME development support ecosystem is the application of the relational capability mechanism of mutual knowledge to create more integration than silos in order for SME development within and between PPCs and SME development support programs. In figure 17 this is highlighted with one of the elements of relational coordination, mutual knowledge, at the apex of the inverted SME development program ecosystem pyramid that contains the items that enhance interactions between PPCs and SME development programs. This quadripartite alliance is illustrated as the PPS diamond below. The enhancement in the form of the provision of credible SMEs into the PPS environment is also shown below.





**Figure 17 - The PPS diamond**

## 6.4.2 Research Question 4: What environments will improve the efficacy of SME development within PPCs?

### 6.4.2.1 Introduction

This research question aimed to establish the impact of both the internal and external environments on the development of SMEs by PPCs. It assessed the potential for each actor within a PPC to contribute towards positively impacting the development of SMEs within PPCs, from the perspective of the other actors. It assessed the potential influences from the external environment on PPCs' abilities to develop SMEs.

### 6.4.2.2 The Internal environment

There were several elements discussed by Participants in relation to what needs to be present within the tripartite alliance of PPCs involving SMEs. The element most discussed was the public sector's involvement as the driver of the SME agenda, which 42% of Participants commented on. Some elements were deemed necessary for all three

actors to have, whilst others were very specific to one of the three actors.

#### **a) Small and medium sized entrepreneurs**

There were three types of SME initiatives that 58% of Participants mentioned. Firstly, they referred to the need for these SMEs to be focused on delivering the right standards of products and services to ensure that their development results in success. Secondly, SMEs needed to be proactive in finding innovative ways to enhance the PPCs for their own benefit as well. Finally, another initiative required from SMEs pertains to their commitment to these PPCs, which can be difficult for them considering the entrepreneurial mindset that is tuned to seeking opportunities. In addition, some Participants highlighted the challenge of infighting between SMEs which was already dealt with in section 6.3.1.1 and ascertains that SMEs collaborating with each other enhances their development than otherwise.

The requirement for quality delivery of work was confirmed in the literature by Flynn and Davids (2017) who suggested that SMEs needed to be able to deliver as required by the contract as that tended to lead to new business opportunities in the future which enabled their growth. The need for SMEs to be proactive was confirmed by Autio et al. (2014) who highlighted how the proactive nature of entrepreneurs was key in the development of Silicon Valley and hence for any endeavour focused on developing SMEs to succeed, it will require the SMEs themselves to be proactive in enhancing their development. Eggers et al. (2013) further pointed to innovativeness as a critical part of the entrepreneurial mindset that enabled their competitive advantage and further led to their growth. Overall, SMEs need to put their best foot forward within the PPC arrangement to ensure their development is enhanced.

#### **b) Public sector**

75% of Participants indicated the importance of the involvement of the public sector to push the field of SME development to the forefront of most economic activities. This was caused by the lack of initiative on the SME development agenda from the private sector, with some participants mentioning that private sector involvement was driven by legislation, especially B-BBEE legislation. This was corroborated in the literature as the involvement of government as the main driver of SME development was well recognised globally due to the SME development outcomes of job creation (Ayyagari et al., 2014) and revitalisation of economies (Ribeiro-Soriano's, 2017). The suggestion by Participants that B-BBEE points were a carrot that government dangled in front of the

private sector to incentivise their involvement in SME development was confirmed as a significant aspect of SME development within South Africa as the B-BBEE points system enabled corporates to “to engage with the national empowerment agenda, to gain or retain legitimacy, and to secure their social licenses to operate” (Littlewood & Holt, 2018, p. 541). An additional contribution by Participants was with regards to the hindrances to government’s driving of the SME development agenda which included the political influence and the lack of commitment and embeddedness from government agencies involved in the PPPs that could derail the SME agenda. Finally, whilst there was limited literature identified with regards to this point, Participants suggested that professionalism from the public sector had on a positive impact on the progress of a PPC which enabled the private sector to trust the direction the PPC was taking and which then translated into a positive impact on SME development.

#### **c) Private sector**

It was interesting to note that there were limited expectations of contributions by the private sector to enhance SME development. The only contribution highlighted was that When the private sector is involved, their contribution to the PPC is the time efficiencies they come with in terms of the speed of doing things which is in stark contrast to the pace of government. This government deficiency arises when they do not deliver on their defined roles such as providing the land on time for the set-up of the infrastructure needed as per the PPC contract.

#### **d) All participants**

There were several other contributions expected from all PPC participants (including SMEs) that Participants noted. 25% of Participants suggested that there should be less focus on *bean counting* (number of SMEs being processed) and more focus on the *impact* of PPCs on the progress of the SME through its developmental journey. 17% of Participants raised the issue of clear understanding of what each of the three actors is contributing to the PPC to make it successful in its development of SMEs. By understanding each actor’s role there is a greater chance of success for the collaborative arrangement. Role alignment can be used to mitigate the challenge of multiple egos in PPCs that was highlighted in chapter five.

### **6.4.2.3 The external environment**

#### **a) Policy**

67% of Participants alluded to a key aspect of SME development that involved the consideration of the plight of SMEs owned by the marginalised in the economic landscape. The marginalised included black people (or PDIs in the South African context) and women. The latter were identified by the literature as disadvantaged in the economic sphere as they struggled to gain access to various resources in order to be competitive small business owners (Wright et al., 2015). Whilst PDI owned and led small businesses, in the South African context, were shown to require the support of policy in the form of legislation to enhance their development (Littlewood & Holt, 2018), there was limited evidence to suggest if it was working or not. It was agreed that women did require focused attention to alleviate their struggles for two reasons, namely due to the fact that even policy designed to address their plights appears to be ineffective (Ahl & Nelson, 2015) and due to the fact that societal biases were heavily weighed against women even in circumstances of advantage such as women-inspired industries were SMEs owned and led by men still got preferential treatment (Yang & del Carmen Triana, 2017). Though a Participant argued that a focus on the marginalised could take focus away from what was really important, SME development, there was limited evidence in the literature to back this suggestion. Additional contributions by Participants included suggestions of the transactional nature such policies bring to the engagement between the private sector's big players and these economically marginalised SMEs.

42% of Participants discussed the difficulties SMEs face in complying with regulations, internal private sector requirements and more in order to enable them to start working to grow their businesses. The literature did identify the reduction of the costs attached to these compliance matters as beneficial to improve outcomes of the SMEs (Cravo & Piza, 2018). Whilst these administrative and compliance requirements were a significant pain-point, it was duly noted that the reduction of tax compliance hindrance mentioned by some Participants was not likely to result in a significant impact on the survival of the SME (Nagel et al., 2019). This suggested that care needed to be placed on determining what SME compliance barriers should be alleviated that will generate the greatest return in terms of SME development. The concept of the *one-stop shop* for SMEs in terms of their entire regulatory compliance requirements was referred to as well.

Overall, the Participants' suggestions link in to the concept of buffering from public sponsorship theory. Amezcua et al. (2013) and Autio and Rannikko (2016) highlighted buffering as the protection and sheltering of new organisations in relation to their need for resources from the external environment in order to perform. Based on the Participants' feedback, this buffering concept also applies to SMEs as well and appears

to be vital with regards to marginalised-owned SMEs.

### **b) Entrepreneurial mindset and Culture**

17% of Participants suggested that the SME development environment requires an entrepreneurial mindset to be generated that permeates society and its way of thinking. This then leads to the creation of a culture that allows these entrepreneurial minds to explore opportunities without fear of failure. It was further suggested that this entrepreneurial mindset could be created at an educational level. There was significant support for this claim within the literature, with studies suggesting that entrepreneurial education led to educational intention and subsequent action (Rauch & Hulsink, 2015). Though it was suggested that specific mechanisms needed to be in place for the entrepreneurial culture to become entrenched that included a positive atmosphere/rhetoric being attributed to the field of entrepreneurship (Rauch & Hulsink, 2015) and strong entrepreneurial self-efficacy (Gielnik et al., 2017) and which enabled such a culture to be entrenched for a long time. This entrenchment process was vital as such investments focused on developing the entrepreneurial culture only realised their intended outcomes in the long-term (Pergelova & Angulo-Ruiz, 2014). Participants suggested that culture can also be created through dialogue where conversations encourage that entrepreneurial thinking. The level of the entrepreneurial culture that exists can determine if *survivalist entrepreneurs* or the *innovative entrepreneurs* are produced. Some participants provided global examples, such as the U.S.A, in discussing the importance of the innovative entrepreneur that is allowed to fail in order to succeed. Mueller and Shepherd (2016) reinforced this concept by suggesting that the experience of *failure*, underpinned by an intuitive cognitive style, enhanced the experiential learning that leads to increased *opportunity* identification that is crucial to the growth and development of an SME

### **c) Education**

In the context of the demand-led SME development, a key component highlighted by 17% of Participants was the education of the population in a manner that directs them towards engaging in activities that aligns them to the economic goals of the country. Participant six provided an example of the right type of education that is leaning towards delivering skills for the future when she highlighted the success of STEAM schools she had visited and observed. In addition to this, researchers identified the development of an education system that promoted entrepreneurship as critical to developing an

entrepreneurial culture that would lead to more sustainable SMEs with Martin et al. (2013) suggesting that entrepreneurship education and training (EET) was associated with greater levels of positive awareness of entrepreneurship and desires to become entrepreneurs and Rauch and Hulsink's (2015) asserting that entrepreneurial education did lead to both entrepreneurial intention and then entrepreneurial action (or behaviour as the authors put it).

#### **d) Other suggestions**

Another suggestion by 17% of Participants related to information sharing again that was discussed in section 6.4.1.1, with the feedback being that, at a macro level, there needs to be greater sharing of information of the needs of SMEs such SME development programs, including PPCs, can cater for those needs appropriately. The final element was the need for greater overall collaboration to enhance SME development nationally, which 17% of Participants suggested. This included collaboration within the government and between the government and the larger society all classed under the private sector.

#### **6.4.2.4 Governance structures**

Any collaborative effort that involves the public and private sectors will require certain elements of governance that ensures that the goal of SME development is not hindered in any way. Participants provided two distinct governance aspects required in PPCs that enhance SME development. A critical governance element that was affirmed by 67% of Participants was that of the presence of an intermediary to guide the progression of the PPC to ensure it delivers on its goal of SME development. Several titles were given to this intermediary including convenor, leader and steering committee. 33% of Participants suggested that the convenors of the PPCs also needed to ensure they have full-time employees working in these PPCs on the development of SMEs rather than contracted staff that a lot of SME development support programs tend to have. One Participant stressed the importance of creating an environment of continuity for SMEs that allows them to transition to a place of trust with private actors that allows them to continue developing as a business. This is an important governance role that the Participant highlighted as it is part of developing an enabling environment for the SMEs whereby someone is actually helping them move progressively from instability to stability. The final characteristic that PPCs have that enhances SME development is the monitoring and evaluation of the progress of the SMEs to ensure that the interventions that PPCs are providing to the SMEs' development are working and delivering the required results

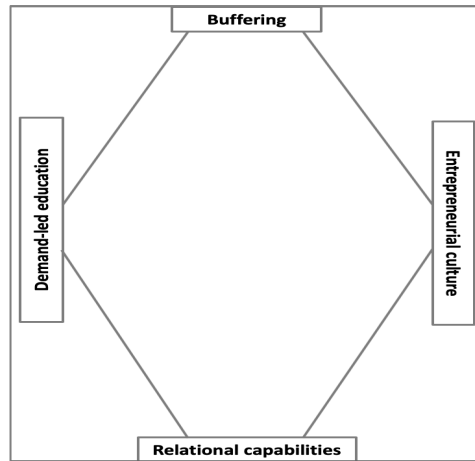
in line with the goals of PPCs discussed earlier. In terms of the overall literature, Vangen et al. (2015) highlighted literature that suggested that the design of governance in PPCs is driven by the focus on the goal of creating social outcomes that neither public nor private sector participants can create on their own (in essence, SVC), which formed the basis for the development of the PPC pyramid in figure 14 that has transitioned into the PPS diamond in figure 17.

#### **6.4.2.5 Challenges: Corruption**

A hindrance mentioned by Participant 10 that could not be ignored was that of corruption, both in the public and private sectors, which impeded the value SMEs were able to generate from their development. This feedback was agreed to by researchers with some identifying its dilapidating effect on the entrepreneurial ecosystem as it bred mistrust in most forms of economic interactions (Webb et al., in press). A significant additional contribution was around the need for understanding the plight of the SMEs who, by feeling under-represented in economic activities, might turn to corrupt practices to give themselves a chance (Baron et al., 2018). Hence an alleviation of their issues could be construed as resulting in corrupt activities from the SMEs diminishing, which links in to the discussion around easing SME compliance issues.

#### **6.4.2.6 Conclusion for research question 4**

Based on Participants' feedback, it was clear that all members of the tripartite alliance within the PPS pyramid from figure 18 had vital roles to play in the enhancement of SME development within PPCs. This feedback was largely corroborated by the literature. With regards to the environment surrounding the PPS diamond, key attributes required included buffering elements, a strong entrepreneurial culture, demand-led education and strong relational capabilities. The maintenance of the foundations for the creation of the PPS diamond drive the governance of the framework, though Participants did suggest the presence of a driver of this collaborative effort being an intermediary or something similar.



*Figure 18 - The environment surrounding the PPS diamond*

## 6.5 Conclusion on discussion of results

SME development is a goal of PPCs due to the fact that achieving SME development results in the achievement of a PPC goal, SVC. This SME development that occurs within PPCs, as confirmed by the integration of Participants' feedback and the literature review, is driven at the apex by strong networks which are underpinned by the bridging mechanisms of PPCs and the relational capabilities required to ensure strong collaboration between all three actors. This strong network then leads to development of three other SME development characteristics within PPCs of *access to resources*, *skills acquisition* and *improved SME opportunities through goal alignment within PPCs*. This forms the core of the **PPS pyramid**. Interaction with other SME development support programs is vital and is driven at the apex by mutual knowledge/greater information sharing, with the additional support of life skills programs and the provision of credible SMEs by these programs to PPCs. Greater mutual knowledge/information sharing also leads to social value creation that enhances the collaboration between PPCs and SME development support programs. This is illustrated by the combining of the PPS pyramid with the SME development program ecosystem to form the **PPS diamond**. Finally, the internal environment of PPCs requires different contributions from all actors to ensure its success, with an intermediary governing the arrangement to ensure SME development and SVC remain aligned, and the presence of four elements of *buffering*, *a strong entrepreneurial culture*, *a demand-led education environment* and *strong relational capabilities* (comprising greater macro-level information sharing and collaboration). Chapter 7 follows and concludes this study by synthesising all findings and highlighting the implications for theory and practice.



# **Chapter 7: Conclusion**

## **7.1 Introduction**

This chapter presents a synthesis of the main findings of this study. The public private sponsorship framework for SME development that was established in chapter six is considered with regards to its conceptualisation and the implications it has for management. The limitations of the study and suggestions for future research are also presented in this chapter.

## **7.2 Principal findings**

### **7.2.1 The PPS diamond**

The development of the PPS diamond in relation to the entrepreneurial/SME field was based on the empirical evidence provided by experts in the field that was subsequently integrated with the reviewed literature. The framework was developed after integrating the key themes from the Participant transcripts with the reviewed literature to understand the attributes and conditions that enable SME development to be enhanced when the public sector and private sector engage in a collaborative effort focused on SME development.

The model should be viewed as three parts coming together for its formation. Firstly, there is the integration of the PPC pyramid (which is an alignment of PPCs goals with SME development goals) with the SME development pyramid (which contains the key characteristics for SME development) to form the integrated PPS pyramid in the top half of the diamond. Secondly, there is the interaction of PPCs with the SME development programs ecosystem that forms the inverted pyramid at the bottom half of the diamond. When the top and bottom half of the diamond are combined, they form the first part of the integrated PPS diamond. Finally, the environment surrounding the diamond that enables the diamond to thrive is illustrated by the rectangle with four components, which surrounds the PPS diamond to complete the illustration of the PPS diamond in figure 19.

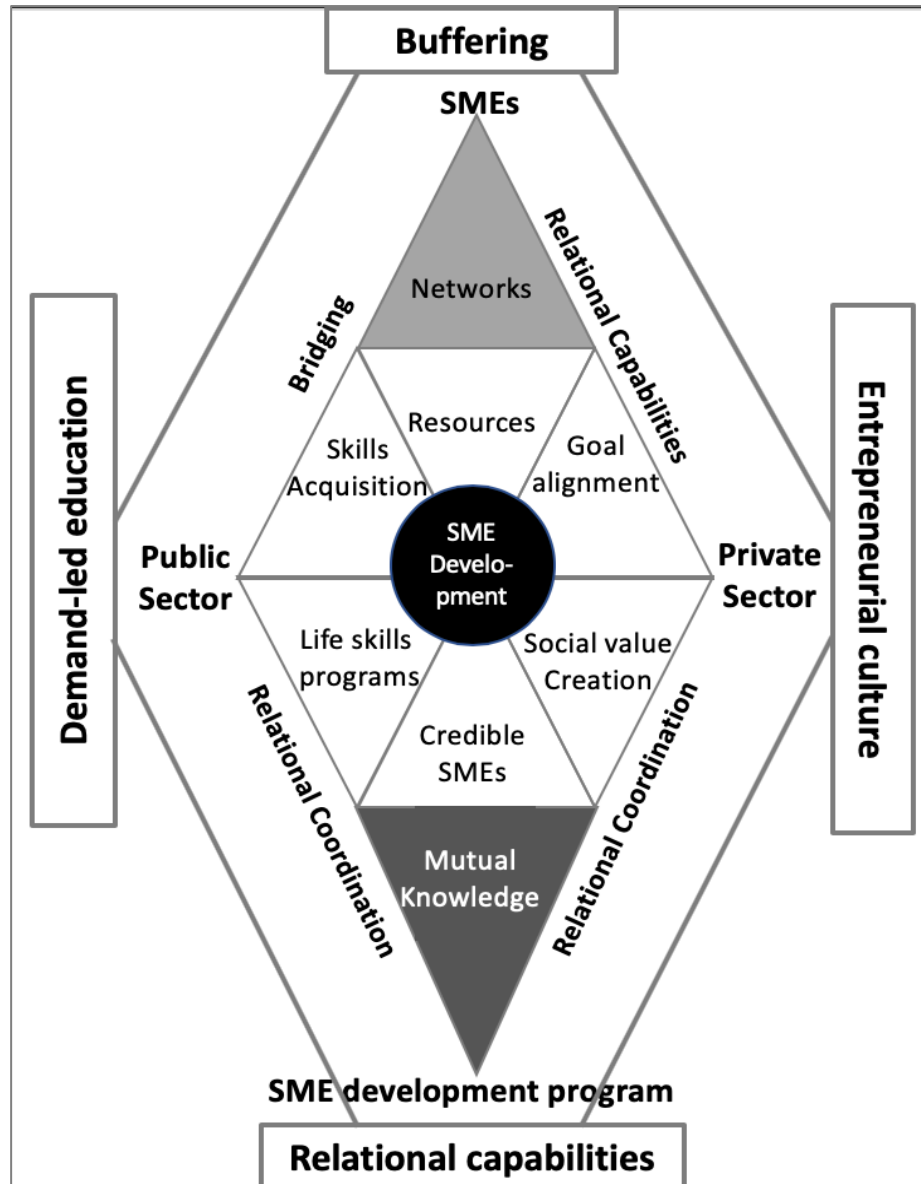


Figure 19 - The complete PPS diamond

### 7.2.2 Summary of Findings

When assessing the characteristics/attributes necessary to enhance SME development that Participants believed PPCs had, there were several mentioned and this indicated that whilst a complete list of characteristics would be difficult to ascertain, the potential of PPCs to be vehicles for SME development was established. However, the PPS model is invalid without the development of SMEs resulting in SVC, which in turn incentivises PPCs to develop SMEs because SVC is a goal that motivates the public and private sectors to collaborate as this achieves social outcomes that they couldn't on their own (Caldwell et al., 2017).

Whilst the incentive is established, there remains the need to confirm PPCs' potential by establishing the characteristics that PPCs have that enable them to contribute to SME development, which Participants in this study and the literature helped to confirm. At the core of this potential is the characteristic of the enhanced network that a collaborative arrangement creates. This *bridging* of SMEs to multiple networks that provide opportunities to SMEs is essential to the development of the firm (Autio & Rannikko, 2016) and is amplified when networks from both the public and private sectors are made available according to Participants. This network development then leads to other characteristics that are vital to SME development that include access to finance, through which a public and private sector combined financing establishes the backing of the SME sector (Woolly, 2014), access to markets especially through preferential procurement from both sectors (Shelton & Minniti, 2018), skills acquisition through experiential and vicarious learning that enables SMEs to take advantage of more opportunities and become more innovative (Flynn & Davids, 2017; Woldesenbet et al., 2012) and goal alignment through SMEs being presented with opportunities from both the public and private sectors that helps them achieve these sectors goals.

Thirdly, there are SME development support programs operating already and they offer an opportunity for PPCs to receive credible SMEs to deliver on PPC projects, as confirmed by Participants and verified by the same concept contained within supplier development programs (Arráiz et al., 2013). Whilst other programs were suggested such as life skills development programs, the most important element of interaction between PPCs and SME development support programs is the need for greater information sharing that is a key element of relational coordination between parties and which is evidenced to enable high growth firm development in certain regions (Autio & Rannikko, 2016).

Finally, extensive literature and feedback from Participants confirmed that for any collaboration to achieve its intended targets, all actors involved will need to contribute, whilst the importance of an intermediary was noted, due to the fact that governance of a collaborative arrangement was necessary to ensure continuous alignment with the goals of SVC (Vangen et al., 2015). Whilst the PPS diamond is a strong justification for SME development within PPCs, its framework is enhanced by the four key elements of buffering, development of an entrepreneurial culture at national level, a demand-led education system and strong relational capabilities driven by greater information sharing and an overall collaborative spirit.

### 7.2.3 Contributions to theory

This study contributes to the understanding of the development of SMEs within PPCs in several ways. Firstly, there is an extension of goal alignment, one of the anchors of relational coordination theory, from the internal confines of PPCs between public and private sector participants to externally between the PPC itself and the SME development agenda (represented by SMEs themselves).

Secondly, there is a reinforcement of relational theory within PPCs with the inclusion of an additional actor, the SME. Next, there are several types of support programs (or sponsorships as Amezcua et al. (2013) indicated) assisting with the development of new firms. This study extends relational theory to the interaction between PPCs and the SME development support program ecosystem to assist in understanding how these interactions can be enhanced to enhance the development of SMEs, with greater information sharing underpinning such enhancements.

This study examines the public sponsorship theory related to the development of SMEs (Amezcua et al., 2013; Flynn, 1993) and goes on to expand on public sponsorship theory with two nuances. Whilst public sponsorship focuses on government interventions in making *new* firms viable businesses (Autio & Rannikko, 2016), this study focuses on the interventions of *both* the government and the private sector in the performance and development of *SMEs* rather new businesses and how this enhances SME development.

## 7.3 Implications for management

Given the recognition of the importance of SMEs in the alleviation of unemployment issues, poverty issues and the enablement of economic growth (Atiase et al., 2018; Mamman et al., in press), governments have begun paying greater consideration to the SME development ecosystem and their influence on it. Considering the benefits of the expansion of existing small firms rather than the creation of new firms (Mamman et al., in press), whilst some have focused on this recognition by governments from the perspective of the development of new organisations (Amezcua et al., 2013), this study offered insights to public bodies on the potential of working with their private counterparts in the economic sphere to enhance the development of existing SMEs.

Additionally, local private actors, with due consideration to the impact on the growth of the economy they are participants in, are also provided with insights on the potential of collaborating with their public counterparts to enhance the development of existing SMEs

to enhance the economy they are participants in. Furthermore, by performing this study it provides private corporations with insights that contribute to their sustainable business agenda within the communities they operate in by offering up PPCs as a viable avenue for the development of SMEs as a means of creating social value for those communities.

For SME owners, this study proposes a model that is potentially advantageous to their development in several ways. It provides insights into the competencies they should look to develop to further incentivise the public and private sectors to collaborate for the benefit of SMEs.

## **7.4 Limitations of the research**

### **7.4.1 Period of study**

By performing an exploratory inductive study, the interviewing process was paused after five interviews to allow for time to review the Participant feedbacks, review additional literature and then update the interview guide to ensure the objectives of this exploratory study were met. Goswami et al. (2018) also performed an exploratory inductive study that involved the collection of data through semi-structured interview. They began data collection in October 2014 and it can be assumed that it continued post March 2016 as their samples included accelerators founded then. This represented at least 17 months of data collection. Considering the limited timespan available to commence data collection (31 August 2018 to 28 February 2019) and the required pause in data collection, this resulted in the number of interviews reached being limited even though data saturation was achieved.

### **7.4.2 Researcher's bias**

Even though insights from interviews were analysed in conjunction with a research partner, it must be acknowledged that the bias of the researcher would still have had some influence on the codes generated during the analysis of Participants' feedback. Bansal et al. (2018) highlighted the importance of researchers acknowledging researchers' bias in their studies by encouraging researchers to "not only explicitly report their impact on their context, but also to be reflexive in their data collection, so they recognize the role they play in shaping the organizational outcomes or their own implicit biases in interpreting the result(s)" (p. 1193).

### **7.4.3 Longitudinal versus cross-sectional study**

The use of a cross-sectional study to assess the characteristics present within PPCs that enabled the development of SMEs reduced the ability of this research project to assess the effectiveness of PPCs in developing SMEs, with most researchers who assessed the effectiveness of different SME development interventions such as business incubators (Lukeš et al., in press) and policies (Autio & Rannikko, 2016) making use of a longitudinal study. This limitation is further reinforced by the lack of evaluation and monitoring in the field of PPCs with a view to provide evidence-based assessments of the impact of PPCs (van Tulder, 2016) which had led to the recent use of the case study method (Caldwell et al., 2017; Villani et al., 2017) and archival research method (Crispeels et al., 2018) in assessing PPCs. The mitigating factor is that this research is an exploratory study assessing a nascent potential for PPCs to enhance SME development, thereby providing an opportunity for future research to perform longitudinal studies assessing the results on SMEs when developed within a PPC context.

### **7.4.4 Participant feedback: Completeness**

Whilst the main characteristics that enabled PPCs to successfully influence the development of SMEs were established during the semi-structure interviews, it would have been remiss to believe that all characteristics had been considered and that some had not been disregarded (Autio & Rannikko, 2016). This presented itself as a limitation within this study.

## **7.5 Suggestions for future research**

This research provided a qualitative analysis of the potential for the development of SMEs within public and private collaborations. Van Tulder et al. (2016) highlighted the growing need for more exhaustive assessments of the impacts of PPCs and similarly, whilst this research highlights the framework for PPCs in developing SMEs within a South African context, future research can be inclined towards assessing the impact of PPCs on the development of SMEs. This can be performed through a longitudinal study approach focused on the progress of SMEs developed within PPCs over a period of time by applying a case study comparison (Villani et al., 2017) or multiple sample assessment (Lukeš et al., in press). It can also be performed through either a cross-sectional study with longitudinal elements (Saunders & Lewis, 2018) using secondary data that highlights the performances of SMEs (developed within a PPC and outside of a PPC)

over a period of time or applying a method of multiple interviews or surveys.

Considering the presence of a marginalised population group in the business environment (PDIs) (Littlewood & Holt, 2018), combined with the disadvantages women face in starting and running their businesses (Yang & del Carmen Triana, 2017), this research could be extended to a narrowed focus on the development of marginalised-owned SMEs within PPCs in South Africa.

Social capital theory, mainly in relation to its sub-construct of shared identity, plays a significant role in resource generation that is vital to the development of SMEs (Khayesi et al., 2014). This provides an opportunity for two avenues of further research. One avenue is an investigation of potential activities that could mitigate the risk of creating an environment that enables unfair resource accumulation opportunities for SMEs in heterogeneous societies like South Africa's. The second avenue investigates the interplay between SME development, PPCs and social capital in a heterogeneous society.

## **7.6 Conclusion**

SME development is a broad research field with multiple elements that contribute to its advancement. This study investigated the interplay between SME development, PPCs and the SME development support program ecosystem. It contributed to literature by illustrating a model that provided a framework that suggested that the collaboration of the public and private sectors will be beneficial to the development of SMEs considering the positive impact of the outcomes of SME development on both the public and private sectors' goals. This study highlighted the importance of the relational concept in enabling greater collaboration amongst four actors at the four apex points of the PPS diamond for the benefit of SMEs. It also recognised the importance of the impact of external forces at the macro level that enable greater SME development through PPS.

## Reference List

- Acs, Z. J., Autio, E., & Szerb, L. (2014). National systems of entrepreneurship: Measurement issues and policy implications. *Research Policy*, 43(3), 476-494.
- Acs, Z. J., Boardman, M. C., & McNeely, C. L. (2013). The social value of productive entrepreneurship. *Small Business Economics*, 40(3), 785-796.
- Ahl, H., & Nelson, T. (2015). How policy positions women entrepreneurs: A comparative analysis of state discourse in Sweden and the United States. *Journal of Business Venturing*, 30(2), 273-291.
- Alperovych, Y., Hübner, G., & Lobet, F. (2015). How does governmental versus private venture capital backing affect a firm's efficiency? Evidence from Belgium. *Journal of Business Venturing*, 30(4), 508-525.
- Amezcuca, A. S., Grimes, M. G., Bradley, S. W., & Wiklund, J. (2013). Organizational sponsorship and founding environments: a contingency view on the survival of business-incubated firms, 1994–2007. *Academy of Management Journal*, 56(6), 1628-1654.
- Arráiz, I., Henríquez, F., & Stucchi, R. (2013). Supplier development programs and firm performance: evidence from Chile. *Small Business Economics*, 41(1), 277-293.
- Arshed, N., Carter, S., & Mason, C. (2014). The ineffectiveness of entrepreneurship policy: is policy formulation to blame?. *Small Business Economics*, 43(3), 639-659.
- Arshed, N., Chalmers, D., & Matthews, R. (in press). Institutionalizing Women's Enterprise Policy: A Legitimacy-Based Perspective. *Entrepreneurship Theory and Practice*.
- Atiase, V. Y., Mahmood, S., Wang, Y., & Botchie, D. (2018). Developing entrepreneurship in Africa: investigating critical resource challenges. *Journal of Small Business and Enterprise Development*, 25(4), 644-666.
- Autio, E., Kenney, M., Mustar, P., Siegel, D., & Wright, M. (2014). Entrepreneurial innovation: The importance of context. *Research Policy*, 43(7), 1097-1108.
- Autio, E., & Rannikko, H. (2016). Retaining winners: Can policy boost high-growth



- entrepreneurship?. *Research policy*, 45(1), 42-55.
- Ayyagari, M., Demirguc-Kunt, A., & Maksimovic, V. (2014). Who creates jobs in developing countries?. *Small Business Economics*, 43(1), 75-99.
- Banks, G. C., O'Boyle Jr, E. H., Pollack, J. M., White, C. D., Batchelor, J. H., Whelpley, C. E.,...Adkins, C. L. (2016). Questions about questionable research practices in the field of management: A guest commentary. *Journal of Management*, 42(1), 5-20.
- Bansal, P., Smith, W. K., & Vaara, E. (2018). New ways of seeing through qualitative research. *Academy of Management Journal*, 61(4), 1189-1195.
- Baron, R. A., Tang, J., Tang, Z., & Zhang, Y. (2018). Bribes as entrepreneurial actions: Why underdog entrepreneurs feel compelled to use them. *Journal of Business Venturing*, 33(6), 679-690.
- Bartz, W., & Winkler, A. (2016). Flexible or fragile? The growth performance of small and young businesses during the global financial crisis—Evidence from Germany. *Journal of Business Venturing*, 31(2), 196-215.
- Bengtsson, M., & Johansson, M. (2014). Managing coopetition to create opportunities for small firms. *International Small Business Journal*, 32(4), 401–427. <https://doi.org/10.1177/0266242612461288>
- Bhima, P. (2016). *Exploring the interplay between corporate innovation, risk management and internal governance* (MBA research project). Gordon Institute of Business Science, University of Pretoria. Retrieved from <https://repository.up.ac.za/handle/2263/59860>
- Blumberg, B., Cooper, D. R., & Schindler, P. S. (2008). *Business research methods* (10<sup>th</sup> ed.). London: McGraw-Hill Education.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 32(2), 77-101. Retrieved from <https://doi.org/10.1191/1478088706qp063oa>
- Broad-Based Black Economic Empowerment Amendment Act no 46 of 2013, Government Gazette (2014).

- Bruwer, J. P., Coetzee, P., & Meiring, J. (2017). Can internal control activities and managerial conduct influence business sustainability? A South African SMME perspective. *Journal of Small Business and Enterprise Development*, 25(5), 710-729.
- Burke, R., & Demirag, I. (2017). Risk transfer and stakeholder relationships in public private partnerships. *Accounting Forum*, 41(1), 28-43.
- Caldwell, N. D., Roehrich, J. K., & George, G. (2017). Social value creation and relational coordination in public-private collaborations. *Journal of Management Studies*, 54(6), 906-928.
- Chandra, Y., & Wong, L. (2016). Public-private partnership in the development of social entrepreneurship in mainland China: the case of NPI. In D. Li (Eds.), *Social Entrepreneurship in the Greater China Region: Policy and Cases* (pp. 126; 130-134). London: Routledge.
- Cho, Y., & Honorati, M. (2014). Entrepreneurship programs in developing countries: A meta regression analysis. *Labour Economics*, 28, 110-130. Retrieved from <https://doi.org/10.1016/j.labeco.2014.03.011>
- Cravo, T. A., & Piza, C. (2018). The impact of business-support services on firm performance: a meta-analysis. *Small Business Economics*, 1-18.
- Creswell, J. W., & Creswell, J. D. (2018). *Research design: qualitative, quantitative, and mixed methods approaches (5th ed.)*. Los Angeles: SAGE.
- Crispeels, T., Willems, J., & Scheerlinck, I. (2018). Public-private collaborations in drug development: boosting innovation or alleviating risk?. *Public Management Review*, 20(2), 273-292.
- Cuervo-Cazurra, A., Andersson, U., Brannen, M. Y., Nielsen, B. B., & Reuber, A. R. (2016). From the editors: Can I trust your findings? Ruling out alternative explanations in international business research. *Journal of International Business Studies*, 47, 881-897.
- Curtain, K., & Betts, J. (2017). Busting Some of the Public Private Partnership Myths from a Government Perspective. *Australian Journal of Public Administration*, 76(3), 283-287.

Department: National Treasury. (2004). *Code of Good Practice for Black Economic Empowerment in Public-Private Partnerships*. Retrieved from <https://www.gtac.gov.za/Publications/1130-PPP%20-%20BEE%20Code%20of%20Good%20Practice.pdf>

Department of The Presidency. (n.d.). *National Development Plan 2030 Executive Summary*. Pretoria: Department of The Presidency, Republic of South Africa.

Dobbs, M., & Hamilton, R. T. (2007). Small business growth: recent evidence and new directions. *International journal of entrepreneurial behavior and research*, 13(5), 296-322.

Doh, S., & Kim, B. (2014). Government support for SME innovations in the regional industries: The case of government financial support program in South Korea. *Research Policy*, 43(9), 1557-1569.

Drinkwater, S., Lashley, J., & Robinson, C. (2018). Barriers to enterprise development in the Caribbean. *Entrepreneurship & Regional Development*, 30(9-10), 942-963.

Dutt, N., Hawn, O., Vidal, E., Chatterji, A., McGahan, A., & Mitchell, W. (2016). How open system intermediaries address institutional failures: The case of business incubators in emerging-market countries. *Academy of Management Journal*, 59(3), 818-840.

Eggers, F., O'Dwyer, M., Kraus, S., Vallaster, C., & Guldenberg, S. (2013). The impact of brand authenticity on brand trust and SME growth: A CEO perspective. *Journal of World Business*, 48(3), 340-348.

Flynn, D. M. (1993). A critical exploration of sponsorship, infrastructure, and new organizations. *Small Business Economics*, 5(2), 129-156.

Flynn, A., & Davis, P. (2017). Investigating the effect of tendering capabilities on SME activity and performance in public contract competitions. *International Small Business Journal*, 35(4), 449-469.

Fotopoulos, G., & Storey, D. J. (in press). Public policies to enhance regional entrepreneurship: another programme failing to deliver?. *Small Business Economics*.

Galindo, M., & Mendez, M. T. (2014). Entrepreneurship, economic growth, and

- innovation: Are feedback effects at work?. *Journal of Business Research*, 67(5), 825-829.
- Garcia, D., & Gluesing, J. C. (2013). Qualitative research methods in international organizational change research. *Journal of Organizational Change Management*, 26(2), 423-444.
- Geneste, L., & Galvin, P. (2015). Trust and knowledge acquisition by small and medium-sized firms in weak client–firm exchange relationships. *International Small Business Journal*, 33(3), 277-298.
- George, G., Corbishley, C., Khayesi, J., Haas, M., & Tihanyi, L. (2016). Bringing Africa in: promising directors for management research. *Academy of Management Journal*, 59(2), 377-393.
- Gillett, A., Loader, K., Doherty, B., & Scott, J. M. (in press). An examination of tensions in a hybrid collaboration: A longitudinal study of an empty homes project. *Journal of Business Ethics*.
- Gittell, J. H. (2001). Supervisory span, relational coordination and flight departure performance: A reassessment of postbureaucracy theory. *Organization Science*, 12(4), 468-483.
- Glas, A. H., & Eßig, M. (2018). Factors that influence the success of small and medium-sized suppliers in public procurement: evidence from a centralized agency in Germany. *Supply Chain Management: An International Journal*, 23(1), 65-78.
- Gölgeci, I., Gligor, D. M., Tatoglu, E., & Arda, O. A. (2019). A relational view of environmental performance: What role do environmental collaboration and cross-functional alignment play?. *Journal of Business Research*, 96, 35-46.
- Goswami, K., Mitchell, J. R., & Bhagavatula, S. (2018). Accelerator expertise: Understanding the intermediary role of accelerators in the development of the Bangalore entrepreneurial ecosystem. *Strategic Entrepreneurship Journal*, 12(1), 117-150.
- Gottschalk, S., Greene, F. J., & Müller, B. (2017). The impact of habitual entrepreneurial experience on new firm closure outcomes. *Small Business Economics*, 48(2), 303-321.

- Harrison, J. S., & Wicks, A. C. (2013). Stakeholder theory, value, and firm performance. *Business ethics quarterly*, 23(1), 97-124.
- Hilmersson, M. (2014). Experiential knowledge types and profiles of internationalising small and medium-sized enterprises. *International Small Business Journal*, 32(7), 802–817.
- Holcomb, T. R., Duane Ireland, R., Michael Holmes, R., & Hitt, M. A. (2009). Architecture of Entrepreneurial Learning: Exploring the Link among Heuristics, Knowledge, and Action. *Entrepreneurship Theory and Practice*, 33(1), 167–192.
- Hussain, I., Farooq, Z., & Akhtar, W. (2012). SMEs development and failure avoidance in developing countries through public private partnership. *African Journal of Business Management*, 6(4), 1581-1589.
- Jones, P., Maas, G., Dobson, S., Newbery, R., Agyapong, D., & Matlay, H. (2018). Entrepreneurship in Africa, part 2: entrepreneurial education and eco-systems. *Journal of Small Business and Enterprise Development*, 25(4), 550-553.
- Jonsson, S., & Lindbergh, J. (2013). The development of social capital and financing of entrepreneurial firms: From financial bootstrapping to bank funding. *Entrepreneurship Theory and Practice*, 37(4), 661-686.
- Jourdan, J., & Kivleniece, I. (2017). Too much of a good thing? The dual effect of public sponsorship on organizational performance. *Academy of Management Journal*, 60(1), 55-77.
- Khayesi, J. N., George, G., & Antonakis, J. (2014). Kinship in entrepreneur networks: Performance effects of resource assembly in Africa. *Entrepreneurship Theory and Practice*, 38(6), 1323-1342.
- Kim, J. H., & Wagman, L. (2014). Portfolio size and information disclosure: An analysis of startup accelerators. *Journal of Corporate Finance*, 29, 520-534.
- Kohler, T. (2016). Corporate accelerators: Building bridges between corporations and startups. *Business Horizons*, 59(3), 347-357.
- Korsgaard, S., & Anderson, A. R. (2011). Enacting entrepreneurship as social value creation. *International Small Business Journal*, 29(2), 135–151.

- Kotha, R., George, G., & Srikanth, K. (2013). Bridging the mutual knowledge gap: Coordination and the commercialization of university science. *Academy of Management Journal*, 56(2), 498-524.
- Kroeger, A., & Weber, C. (2014). Developing a conceptual framework for comparing social value creation. *Academy of Management Review*, 39(4), 513-540.
- Kusa, R., Marques, D. P., & Navarrete, B. R. (2019). External cooperation and entrepreneurial orientation in industrial clusters. *Entrepreneurship & Regional Development*, 31(1-2), 119-132.
- Littlewood, D., & Holt, D. (2018). Social entrepreneurship in South Africa: Exploring the influence of environment. *Business & Society*, 57(3), 525-561.
- Li, L., Li, D., Goerzen, A., & Shi, W. S. (2018). What and how do SMEs gain by going international? A longitudinal investigation of financial and intellectual resource growth. *Journal of World Business*, 53(6), 817-834.
- Liu, X., Wright, M., & Filatotchev, I. (2015). Learning, firm age and performance: An investigation of returnee entrepreneurs in Chinese high-tech industries. *International Small Business Journal*, 33(5), 467–487.
- Love, J. H., & Roper, S. (2015). SME innovation, exporting and growth: A review of existing evidence. *International small business journal*, 33(1), 28-48.
- Luiz, J. M., & Stewart, C. (2014). Corruption, South African multinational enterprises and institutions in Africa. *Journal of Business Ethics*, 124(3), 383-398.
- Lukeš, M., Longo, M. C., & Zouhar, J. (in press). Do business incubators really enhance entrepreneurial growth? Evidence from a large sample of innovative Italian start-ups. *Technovation*.
- Lundström, A., Vikström, P., Fink, M., Meuleman, M., Glódek, P., Storey, D., & Kroksgård, A. (2014). Measuring the Costs and Coverage of SME and Entrepreneurship Policy: A Pioneering Study. *Entrepreneurship Theory and Practice*, 38(4), 941–957.
- Lyons, E., & Coyle, A. (2016). *Analysing qualitative data in psychology* (2<sup>nd</sup> ed.). Los Angeles: Sage.

- Mamman, A., Bawole, J., Agbebi, M., & Alhassan, A. R. (in press). SME policy formulation and implementation in Africa: Unpacking assumptions as opportunity for research direction. *Journal of Business Research*.
- Markman, G. D., Russo, M., Lumpkin, G. T., Jennings, P. D., & Mair, J. (2016). Entrepreneurship as a platform for pursuing multiple goals: A special issue on sustainability, ethics, and entrepreneurship. *Journal of Management Studies*, 53(5), 673-694.
- Martin, B. C., McNally, J. J., & Kay, M. J. (2013). Examining the formation of human capital in entrepreneurship: A meta-analysis of entrepreneurship education outcomes. *Journal of Business Venturing*, 28(2), 211-224.
- Mueller, B. A., & Shepherd, D. A. (2016). Making the Most of Failure Experiences: Exploring the Relationship between Business Failure and the Identification of Business Opportunities. *Entrepreneurship Theory and Practice*, 40(3), 457–487.
- Nagati, H., & Rebolledo, C. (2013). Supplier development efforts: The suppliers' point of view. *Industrial Marketing Management*, 42(2), 180-188.
- Nagel, H., Huber, L. R., Van Praag, M., & Goslinga, S. (2019). The effect of a tax training program on tax compliance and business outcomes of starting entrepreneurs: Evidence from a field experiment. *Journal of Business Venturing*, 34(2), 261-283.
- Naldi, L., & Davidsson, P. (2014). Entrepreneurial growth: The role of international knowledge acquisition as moderated by firm age. *Journal of Business Venturing*, 29(5), 687-703.
- Neville, F., Forrester, K. J., O'Toole, J., & Riding, A. (2018). 'Why Even Bother Trying?' Examining Discouragement among Racial-Minority Entrepreneurs. *Journal of Management Studies*, 55(3), 424-456.
- Owens, H. K. (2015). *Influencing accountability in organisations – a critical managerial competence* (MBA mini-dissertation). Gordon Institute of Business Science, University of Pretoria. Retrieved from [https://repository.up.ac.za/bitstream/handle/2263/52285/Owens\\_Influencing\\_2016.pdf?seq](https://repository.up.ac.za/bitstream/handle/2263/52285/Owens_Influencing_2016.pdf?seq)
- Partanen, J., Kauppila, O. P., Sepulveda, F., & Gabrielsson, M. (in press). Turning

- strategic network resources into performance: The mediating role of network identity of small-and medium-sized enterprises. *Strategic Entrepreneurship Journal*.
- Pauwels, C., Clarysse, B., Wright, M., & Van Hove, J. (2016). Understanding a new generation incubation model: The accelerator. *Technovation*, 50, 13-24.
- Pergelova, A., & Angulo-Ruiz, F. (2014). The impact of government financial support on the performance of new firms: the role of competitive advantage as an intermediate outcome. *Entrepreneurship & Regional Development*, 26(9-10), 663-705.
- Preuss, L. (2011). On the contribution of public procurement to entrepreneurship and small business policy. *Entrepreneurship & Regional Development*, 23(9-10), 787-814.
- Quélin, B. V., Kivleniece, I., & Lazzarini, S. (2017). Public-private collaboration, hybridity and social value: Towards new theoretical perspectives. *Journal of Management Studies*, 54(6), 763-792.
- Ramaphosa, C. (2017). *CYRIL RAMAPHOSA: How I plan to fix SA's economy*. Retrieved from <https://www.businesslive.co.za/rdm/politics/2017-11-14-cyril-ramaphosa-how-i-plan-to-fix-sas-economy/>
- Rauch, A., & Hulsink, W. (2015). Putting entrepreneurship education where the intention to act lies: An investigation into the impact of entrepreneurship education on entrepreneurial behavior. *Academy of management learning and education*, 14(2), 187-204.
- Rauch, A., van Doorn, R., & Hulsink, W. (2014). A Qualitative Approach to Evidence-Based Entrepreneurship: Theoretical Considerations and an Example Involving Business Clusters. *Entrepreneurship Theory and Practice*, 38(2), 333-368.
- Reijonen, H., Tammi, T., & Saastamoinen, J. (2016). SMEs and public sector procurement: Does entrepreneurial orientation make a difference?. *International Small Business Journal*, 34(4), 468-486.
- Reynaers, A. M., & Grimmelikhuijsen, S. (2015). Transparency in public-private partnerships: Not so bad after all?. *Public Administration*, 93(3), 609-626.
- Ribeiro-Soriano, D. (2017) Small business and entrepreneurship: their role in economic



- and social development. *Entrepreneurship & Regional Development*, 29(1-2), 1-3,
- Robson, P. J., & Bennett, R. J. (2000). SME growth: The relationship with business advice and external collaboration. *Small business economics*, 15(3), 193-208.
- Roehrich, J. K., Lewis, M. A., & George, G. (2014). Are public-private partnerships a healthy option? A systematic literature review. *Social Science and Medicine*, 113, 110-119.
- Roig-Tierno, N., Alcazar, J., & Ribeiro-Navarrete, S. (2015). Use of infrastructures to support innovative entrepreneurship and business growth. *Journal of Business Research*, 68(11), 2290-2294.
- Rubin, T. H., Aas, T. H., & Stead, A. (2015). Knowledge flow in technological business incubators: evidence from Australia and Israel. *Technovation*, 41, 11-24.
- Saastamoinen, J., Reijonen, H., & Tammi, T. (2018). Should SMEs pursue public procurement to improve innovative performance?. *Technovation*, 69, 2-14.
- Saunders, M., & Lewis, P. (2018). *Doing research in business and management: An essential guide to planning your project* (2<sup>nd</sup> ed.). London: Pearson.
- Semrau, T., & Werner, A. (2014). How Exactly Do Network Relationships Pay Off? The Effects of Network Size and Relationship Quality on Access to Start-Up Resources. *Entrepreneurship Theory and Practice*, 38(3), 501–525.
- Shankar, R. K., & Shepherd, D. A. (in press). Accelerating strategic fit or venture emergence: Different paths adopted by corporate accelerators. *Journal of Business Venturing*.
- Shelton, L. M., & Minniti, M. (2018). Enhancing product market access: Minority entrepreneurship, status leveraging, and preferential procurement programs. *Small Business Economics*, 50(3), 481-498.
- Shepherd, D. A., & Suddaby, R. (2017). Theory building: A review and integration. *Journal of Management*, 43(1), 59-86.
- Shibia, A. G., & Barako, D. G. (2017). Determinants of micro and small enterprises growth in Kenya. *Journal of Small Business and Enterprise Development*, 24(1), 105-118.

- Spigel, B. (2017). The relational organization of entrepreneurial ecosystems. *Entrepreneurship Theory and Practice*, 41(1), 49-72.
- Stam, W., Arzlanian, S., & Elfring, T. (2014). Social capital of entrepreneurs and small firm performance: A meta-analysis of contextual and methodological moderators. *Journal of business venturing*, 29(1), 152-173.
- Suddaby, R., Bruton, G. D., & Si, S. X. (2015). Entrepreneurship through a qualitative lens: Insights on the construction and/or discovery of entrepreneurial opportunity. *Journal of Business venturing*, 30(1), 1-10.
- Sullivan, D. M., & Ford, C. M. (2014). How Entrepreneurs use Networks to Address Changing Resource Requirements during Early Venture Development. *Entrepreneurship Theory and Practice*, 38(3), 551–574.
- Theodorakopoulos, N., Kakabadse, N., & McGowan, C. (2014). What matters in business incubation? A literature review and a suggestion for situated theorising. *Journal of Small Business and Enterprise Development*, 21(4), 602-622.
- Thompson, T. A., Purdy, J. M., & Ventresca, M. J. (2018). How entrepreneurial ecosystems take form: Evidence from social impact initiatives in Seattle. *Strategic Entrepreneurship Journal*, 12(1), 96-116.
- Torchia, M., Calabrò, A., & Morner, M. (2015). Public–Private Partnerships in the Health Care Sector: A systematic review of the literature. *Public Management Review*, 17(2), 236-261.
- Urquhart, C., Lehmann, H., & Myers, M. D. (2010). Putting the ‘theory’ back into grounded theory: guidelines for grounded theory studies in information systems. *Information systems journal*, 20(4), 357-381.
- Van Tulder, R., Seitanidi, M. M., Crane, A., & Brammer, S. (2016). Enhancing the impact of cross-sector partnerships. *Journal of Business Ethics*, 135(1), 1-17.
- Vangen, S., Hayes, J. P., & Cornforth, C. (2015). Governing cross-sector, inter-organizational collaborations. *Public Management Review*, 17(9), 1237-1260.
- Villani, E., Greco, L., & Phillips, N. (2017). Understanding Value Creation in Public-Private Partnerships: A Comparative Case Study. *Journal of Management Studies*, 54(6), 876-905.

- Volery, T., & Mazzarol, T. (2015). The evolution of the small business and entrepreneurship field: A bibliometric investigation of articles published in the International Small Business Journal. *International Small Business Journal*, 33(4), 374-396.
- Webb, J. W., Khoury, T. A., & Hitt, M. A. (in press). The Influence of Formal and Informal Institutional Voids on Entrepreneurship. *Entrepreneurship Theory and Practice*.
- Welter, F., Baker, T., Audretsch, D. B., & Gartner, W. B. (2017). Everyday Entrepreneurship—A Call for Entrepreneurship Research to Embrace Entrepreneurial Diversity. *Entrepreneurship Theory and Practice*, 41(3), 311–321.
- Woldesenbet, K., Ram, M., & Jones, T. (2012). Supplying large firms: The role of entrepreneurial and dynamic capabilities in small businesses. *International Small Business Journal*, 30(5), 493–512.
- Woldesenbet, K., & Worthington, I. (in press). Public procurement and small businesses: estranged or engaged?. *Journal of Small Business Management*.
- Wong, E. L., Yeoh, E. K., Chau, P. Y., Yam, C. H., Cheung, A. W., & Fung, H. (2015). How shall we examine and learn about public-private partnerships (PPPs) in the health sector? Realist evaluation of PPPs in Hong Kong. *Social Science and Medicine*, 147, 261-269.
- Woolley, J. L. (2014). The creation and configuration of infrastructure for entrepreneurship in emerging domains of activity. *Entrepreneurship Theory and Practice*, 38(4), 721-747.
- Wright, M., Roper, S., Hart, M., & Carter, S. (2015). Joining the dots: Building the evidence base for SME growth policy. *International Small Business Journal*, 33(1), 3-11.
- Xiang, D., Worthington, A. C., & Higgs, H. (2015). Discouraged finance seekers: An analysis of Australian small and medium-sized enterprises. *International Small Business Journal*, 33(7), 689–707.
- Xing, Y., Liu, Y., & Cooper, S. C. L. (2018). Local Government as Institutional Entrepreneur: Public–Private Collaborative Partnerships in Fostering Regional Entrepreneurship. *British Journal of Management*, 29(4), 1-21.

- Yang, T., & del Carmen Triana, M. (2017). Set up to fail: Explaining when women-led businesses are more likely to fail. *Journal of Management*, 45(3), 926-954.
- Yoo, S. J., Sawyerr, O., & Tan, W. L. (2016). The mediating effect of absorptive capacity and relational capital in alliance learning of SMEs. *Journal of Small Business Management*, 54, 234-255.
- York, J. G., Sarasvathy, S. D., & Wicks, A. C. (2013). An entrepreneurial perspective on value creation in public-private ventures. *Academy of Management Review*, 38(2), 307-309.
- Zahra, S. A., & Wright, M. (2016). Understanding the social role of entrepreneurship. *Journal of Management Studies*, 53(4), 610-629.
- Zhang, Y. (2018). Gain or pain? New evidence on mixed syndication between governmental and private venture capital firms in China. *Small Business Economics*, 51(4), 995-1031.
- Zikmund, W., Babin, B., Carr, J. & Griffin, M. (2011). *Business Research Methods*. Dublin: Cengage Learning.

# Appendices

## Appendix 1: List of Participants

*Table 11 - Details of research Participants*

Participant	Position	Population Group	Organisation	Industry	Race	Gender	Experience
Participant 1	Executive Director	Private Sector	Non-profit organisation	Non-profit sector	Asian	Female	Qualified MPA (Master of Public Administration) who has performed extensive research into cross-sector partnerships.
Participant 2	Director	Public Sector	Metropolitan municipality	Government services - Construction	Black	Male	Qualified MBA, performed research into PPPs and works with a focus on PPPs.
Participant 3	COO	Public Sector	Major PPP project	Transport and Logistics	White	Male	Running the operations of a major South African PPP project for over 5 years and previously a Chief Director in a South African government department
Participant 4	Executive Director	Public Sector	Metropolitan municipality entity	Agriculture	White	Male	Over 40 years in local government and currently part of the executive team running a government entity focused on SMME development
Participant 5	CEO	SME	SME involved in PPP	Transport and Logistics	Black	Male	Head of a business that has been contracted to work on a PPP project.
Participant 6	CEO	SME	ESD program	ESD	White	Female	Head of a black-owned SME company that brings government and corporates together to develop SMEs mainly through ESDs.

Participant 7	Head of Enterprise Incubator	Private Sector	Incubator that is a joint partnership between a corporate and several government agencies	Financial Services	White	Female	Head of an incubator specifically focused on developing businesses targeted at addressing one of the NDP 2030's significant goals.
Participant 8	CEO	SME	Advisory and niche investment company	Financial Services	Black	Female	Over 15 years working experience, six of which have been spent in the development sector in an advisory role to public and private sectors
Participant 9	CEO	Private Sector	Previously CEO of large incubator and consultant to fintech company partnering with a government agency	SME sector	White	Female	Has been on the boards of a number of PPC projects advising on SME development activities whilst being the CEO of a large incubator for 5 years
Participant 10	Deputy Director	Public Sector	Government department involved in PPPs	Government services – PPPs	Black	Male	Extensive experience in National Treasury overseeing PPP projects nationally.
Participant 11	Senior Manager	Private Sector	Major civil society organisation	Non-profit sector	Indian	Female	Independent association working with government and multiple stakeholders on South African issues.
Participant 12	COO	Private Sector	Incubator created out of partnership between Government agency and Corporate	SME sector	Black	Female	COO of incubator since its inception. Incubator was formed out of a joint partnership between a government agency a private sector entity.
Participant 13	Deputy Director	Public Sector	Government department involved in a PPC	Government services – National Treasury	Black	Male	Extensive experience in National Treasury overseeing the Job Fund.

## Appendix 2: Initial and refined interview guide

### Background questions for all interviewees:

1. Briefly describe your involvement and understanding of public private collaborations and your involvement with SMEs.

*Table 12 - Revised Research Questions and Interview Questions for public and private sector participants*

Final Research Question	Final Interview Questions	Initial Research Question	Initial Interview Questions
<b>1. What alignment exists between SME development goals and PPC goals?</b>	1.1 What are the goals of SME development? 1.2 How do SME development activities and their goals relate to the achievement of PPC goals?	<b>1. What is the association between SME development and social value creation?</b>	1.1 What does social value mean to you in relation to your goals? 1.2 Has social value creation been a critical element of your collaborative arrangement with the opposite sector? 1.3 In your opinion, how do SMEs fit within your understanding of social value?
<b>2. What characteristics do PPCs have that enable SME development?</b>	1.1 What elements are required for a program to be suitable for SME development? 1.2 Which of the elements mentioned in 2.1 have stronger influences on SME development and should be prioritised?	<b>2. In what ways can SMEs benefit from public-private sector collaborations?</b>	2.1 What development of SMEs occurred during the collaborative arrangement? 2.2 What key activities were undertaken as part of this development process? 2.3 What benefits accrued to SMEs from

	<p>(Can be more than one).</p> <p>1.3 Which of the elements mentioned in 2.1 are present and absent from within PPCs?</p> <p>1.4 What challenges do PPCs need to overcome in order to achieve the capabilities necessary to become optimum vehicles for SME development?</p>		<p>these developmental activities undertaken in this collaborative arrangement and what were the metrics for measuring these?</p> <p>2.4 Were there adverse aspects that accrued to SMEs from this collaboration arrangement and if there were, what were they?</p> <p>2.5 What aspects should be added, changed, improved or removed within this collaborative arrangement to grow SMEs?</p> <p>2.6 If no SME development occurred, why was this?</p> <p>2.7 Specifically, when SME development does not occur during this collaborative arrangement what do you need to be present to incentivise you to develop SMEs within this arrangement (in other words, what aspects would you want to see added within this collaborative arrangement in order to grow SMEs)?</p>
--	--	--	---



<p><b>3. What interactions are required between PPCs and the SME development programs?</b></p>	<p>3.1 What interdependencies exist between PPCs and other SME development programs?</p> <p>3.2 How can the interaction between PPCs and other SME development programs be improved (if there is need for improvement) to enable PPCs to become enhanced platforms for SME development?</p>	<p><b>3. What are the different types of public-private sector collaborations that help develop SMEs?</b></p>	<p>3.1 Can you assist with other different types of public and private sector collaboration (direct or indirect) that you are aware of, both South African and Internationally, that were specifically created for the development of SMEs?</p> <p>3.2 In relation to those collaborative efforts identified in question ten, what were the elements contained within these efforts that helped grow SMEs?</p>
<p><b>4 What environments will improve the efficacy of SME development within PPCs?</b></p>	<p>4.1 At a micro level, what contributions/roles should be undertaken by each PPC actor (including SMEs) to positively influence SME development within PPCs?</p> <p>4.2 What contributions should be made at the macro level to enhance SME development within PPCs?</p>		
<p><b>GENERAL</b></p>	<p>Is there anything else that you would like to tell me about the development of SMEs</p>	<p><b>GENERAL</b></p>	<p>Is there anything else that you would like to tell me about the development of SMEs</p>

	within public private collaborations?		within public-private collaboration?
--	---------------------------------------	--	--------------------------------------

**Table 13 - Revised Research Questions and Interview Questions for SMEs**

<b>Final Research Question</b>	<b>Final Interview Questions</b>	<b>Initial Research Question</b>	<b>Initial Interview Questions</b>
<b>1. What alignment exists between SME development goals and PPC goals?</b>	1.1 What are the goals of SME development? 1.2 How do SME development activities and their goals relate to the achievement of PPC goals?	<b>1. What is the association between SME development and Social value creation?</b>	1.1 What does social value mean to you in relation to your goals? 1.2 How are you creating social value and if you are not, how do you believe, as an SME, you can create social value?
<b>2. What characteristics do PPCs have that enable SME development?</b>	2.1 What elements are required for a program to be suitable for SME development? 2.2 Which of the elements mentioned in 2.1 have stronger influences on SME development and should be prioritised? (Can be more than one). 2.3 Which of the elements mentioned in 2.1 are present and absent from within PPCs? 2.4 What challenges do PPCs need to overcome in order to achieve the	<b>2. In what ways can SMEs benefit from public-private sector collaborations?</b>	2.1 What elements of these collaborative arrangements have been beneficial to you? 2.2 What elements of these collaborative arrangements have not been beneficial to you? 2.3 What metrics would you use in determining whether you are growing as an SME as a result of the public-private collaborative arrangement?

	capabilities necessary to become optimum vehicles for SME development?		<p>2.4 What should be added, changed, improved and removed within these collaborative arrangement to ensure growth of your entrepreneurial endeavours, considering your answer to question seven?</p> <p>2.5 If you have not experienced any development as a result of this collaborative arrangement why was this?</p> <p>2.6 What elements needed to be in place/added within this collaborative arrangement for its participants to be encouraged to develop you as an SME?</p>
<b>3. What interactions are required between PPCs and the SME development programs?</b>	<p>3.1 What interdependencies exist between PPCs and other SME development programs?</p> <p>3.2 How can the interaction between PPCs and other SME development programs be improved (if there is need for improvement) to enable PPCs to become enhanced platforms for SME development?</p>	<b>3. What are the levels of investment in the development of SMEs by both the public and private sectors?</b>	<p>3.1 In the context of public-private sector collaboration, what type of collaborative arrangement have you experienced on your entrepreneurial journey that had an impact on your journey?</p> <p>3.2 Which sector(s) have significantly contributed to your development?</p> <p>3.3 Which sector(s) is/are lacking in</p>

			contribution to your development?
<b>4. What environments will improve the efficacy of SME development within PPCs?</b>	<p>4.1 At a micro level, what contributions/roles should be undertaken by each PPC actor (including SMEs) to positively influence SME development within PPCs?</p> <p>4.2 What contributions should be made at the macro level to enhance SME development within PPCs?</p>		
<b>GENERAL</b>	Is there anything else that you would like to tell me about the development of SME/entrepreneurs through public-private collaboration?	<b>GENERAL</b>	Is there anything else that you would like to tell me about the development of SME/entrepreneurs through public-private collaboration?

## Appendix 3: List of codes

*Table 14 - Abbreviations and acronyms in results*

Abbreviation or Acronym	Actual Word
<b>PPCG</b>	PPC Goals
<b>SMEG</b>	SME Goals
<b>AF</b>	Access to Finance
<b>AM</b>	Access to Markets
<b>SD</b>	Supplier Development
<b>CHL</b>	Challenges
<b>ECO</b>	Ecosystem
<b>PUB</b>	Public sector
<b>PRI</b>	Private sector
<b>EK</b>	Experiential knowledge
<b>COL</b>	Collaboration
<b>GOV</b>	Governance
<b>NET</b>	Network
<b>OPP</b>	Opportunities

*Table 15 - Goal alignment codes*

Number	Code
1	PPCG & SMEG - Innovative solutions (10,11,12)
2	PPCG - Internationalisation (9)
3	PPCG - Job creation (1,3,4,9,10)
4	PPCG - Marginalised development (4,9,10)
5	PPCG - PPP - Risk transfer (5,10)
6	PPCG - Revitalising economies (1,2,12)
7	PPCG - Skills transfer (1,10)
8	PPCG - SME development (3,11)
9	PPCG - Social value creation (ECD) (1,7)
10	SMEG - Create large corporates (8)
11	SMEG - Job creation (4,5,6,8,9,10,11)
12	SMEG - Marginalised development (8,9,10)
13	SMEG - Revitalising economies (1,5,8,11,12)

*Table 16 - PPC SME development characteristic codes*

Number	Code
14	AF - Greater Funding Awareness (11,12)
15	AF - Matching Funding (1,8)
16	AF - Multiple funding sources (1,3,7,8,10,11)
17	AF - PPP - Longer term access to funding (3,9)

18	AF - Public funding combined with Private management (6,8)
19	AF - Working Capital Funding (2,6)
20	AF- Limited quantity of funding (5,6,8,9,11,12)
21	AM - A base to expand the business (3,4,5,8)
22	AM - For Post-SME development program Graduates (1,6)
23	AM - Guaranteed business (1,2,3,5,8,10)
24	AM - Internationalisation (4,9)
25	AM- Limited opportunities (2,10)
26	AM- Over-reliance (1,2,3)
27	AM- PPPs - Risk acceptance (5,10)
28	Training - Financial management (2)
29	Training - SD requirements (11)
30	Training - Starter pack (2)
31	Training - Technical knowledge (1,2,3,4,5)
32	NET - Joint venture opportunities (2,4,7,12)
33	NET - Key industry players (1,4)
34	NET - Understand PP expectations (1,11)
35	PPCG = Demand linked development (6,9)
36	PPCG = SME opportunities (5,6,7)
37	Resources: Other (2,4)
38	COL - Enhanced SME development (5,6,11)
39	COL - Project low hanging fruit (4)
40	COL - Quality work (5)
41	EK - Mentorship (1,5,10,12)
42	EK - Technological Innovation (2)
43	Impact Evaluation (9)

**Table 17 - Overall Challenges and Missing characteristics**

Number	Code
44	CHL- AF - Funding levels (6,11,12)
45	CHL- AM - Specialised projects (10)
46	CHL- ECO - Cluttered SME development ecosystem (9,11)
47	CHL- ECO - Coopetition vs Competition (6,11,12)
48	CHL- ECO - No Program integration (4,6,8)
49	CHL- External - BOTH - Corruption (10)
50	CHL- External - PUB - Political Interference (7)
51	CHL- Internal - PRI - Business development support (6)
52	CHL- Internal - PUB - Low impact (9)
53	CHL- Internal - PUB - Speed of delivery (6,7,9)
54	CHL- Internal - Resources (9,10,11)
55	CHL- Internal - SME - Focus and Commitment (4)
56	CHL- Internal - SME - Infighting (2,4)

57	CHL- Training - Broad-based support (4)
58	Missing- AM - Catalytic opportunities (8)
59	Missing- AM - Large project beneficitation (8)
60	Missing- ECO - Limited collaboration (9,10)
61	Missing- Internal - Government commitment (5)
62	Missing- Monitoring & Evaluation (2,6,9,10)
63	Missing- Policy - Marginalised development (8)
64	Missing- PPCG - Clear vision (8,10)
65	Missing- Training - Private sector assistance (2)

**Table 18 - PPCs and SME development programs interaction**

Number	Code
66	ECO - AM - SME development program graduates (1,7,8,10)
67	ECO - Data collection + Information sharing (9,10,11,12)
68	ECO - Life coaching programs (6,8)
69	ECO - Social needs enhance interactions (7)

**Table 19 - Internal, External environment and Governance considerations**

Number	Code
70	External - COL - Greater collaboration (2,10)
71	External - Education - Demand led (1,6)
72	External - Entrepreneurial mindset - Education (11,12)
73	External - Entrepreneurial mindset and Culture (11,12)
74	External - Information - SME development needs (6,9)
75	External - Policy - Marginalised development No (1)
76	External - Policy - Marginalised development Yes (1,2,3,4,5,6,8,9)
77	External - Policy - SME Compliance (6,7,9,10,11)
78	GOV - Continuity->Consistency->Trust (4)
79	GOV - Convenor/Intermediary/Leader (1,5,6,7,8,10,11,12)
80	GOV - Permanent, Committed Personnel (9,10,11,12)
81	Internal - ALL - Impact>Quantity (9,11,12)
82	Internal - ALL - Role alignment (6,7)
83	Internal - PRI - Time efficiency (1,5,6,7,9)
84	Internal - PUB - Professionalism (4)
85	Internal - PUB - SME agenda (1,3,4,5,6,7,8,9,10)
86	Internal - SME collaboration (2,4)
87	Internal - SME initiative (1,4,5,6,10,11,12)

**Table 20 - General codes**

<b>Number</b>	<b>Code</b>
<b>88</b>	Case examples
<b>89</b>	Outside PPCs - CHL - Cost of Finance (5,10)
<b>90</b>	Outside PPCs - COL - Unnecessary Collaboration (11)
<b>91</b>	Outside PPCs - ECO - Practicality (10,11)
<b>92</b>	OPP - Collated database - Tracking (1,6,8)
<b>93</b>	OPP - Improved project packaging (2)
<b>94</b>	Program Size - Provides more clout for SME development (4)
<b>95</b>	General - Realities and SME needs (6,9,12)



## Appendix 4: Initial Ethical Clearance

**Gordon  
Institute  
of Business  
Science**  
University  
of Pretoria

31 August 2018

Taigbenu Awore

Dear Awore

*Please be advised that your application for Ethical Clearance has been approved.*

*You are therefore allowed to continue collecting your data.*

*Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained*

*We wish you everything of the best for the rest of the project.*

*Kind Regards*

GIBS MBA Research Ethical Clearance Committee

## Appendix 5: Final Ethical clearance



29 January 2019

Taigbenu Awore

Dear Awore

*Please be advised that your application for Ethical Clearance has been approved.*

*You are therefore allowed to continue collecting your data.*

*Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained*

*We wish you everything of the best for the rest of the project.*

*Kind Regards*

GIBS MBA Research Ethical Clearance Committee

## Appendix 6: Enterprise Consent Form



### INFORMED ENTERPRISE CONSENT LETTER

Dear Sir/Madam,

My name is Awore Taigbenu. I am currently registered for a Master's in Business Administration with the University of Pretoria, Gordon Institute of Business School (GIBS) and am presently working on my final year research project.

I am conducting research on small and medium sized entrepreneurs (SMEs), and I am trying to get an in-depth understanding of the interplay between public and private collaboration (PPC) and SME development. The purpose of this research study is to look into how SMEs can be developed within public and private sector collaborative arrangements. Our interview with the member of your enterprise is expected to take approximately an hour and will help provide an understanding of where SMEs currently fit within public-private collaborative efforts and provide insights into what elements currently exist in PPCs to develop SMEs. If you agree, the interview(s) will be audio recorded and transcribed with the possibility of the use of web conferencing services (such as Skype) in the case where a face to face interview is not possible.

**Your enterprise's participation is voluntary and can be withdrawn at any time without any penalty.** All data collected will be reported and stored without identifiers and will be secured according to the highest standards of data security. To ensure you understand and agree with the terms of the research, we will ask each interviewee to also sign an informed consent prior to the undertaking of an interview. Should you have any queries, please note that you may either contact the researcher or supervisor. Our details are provided below:

Researcher:

Awore Taigbenu

Email: [18360069@mygibs.co.za](mailto:18360069@mygibs.co.za)

Tel :

Supervisor:

Dr Anastacia Mamabolo

Email: [mamaboloa@gibs.co.za](mailto:mamaboloa@gibs.co.za)

Tel :

Enterprise Representative:

---

Title:

---

Signature:

---

Date:

---

## Appendix 7: Participant Consent Form



### INFORMED PARTICIPANT CONSENT LETTER

#### **Small and medium sized entrepreneur development within Public Private Collaborations.**

Dear Participant

My name is Awore Taigbenu. I am currently registered for a Master's in Business Administration with the University of Pretoria, Gordon Institute of Business School (GIBS) and am presently working on my final year research project.

I am conducting research on small and medium sized entrepreneurs (SMEs), and I am trying to get an in-depth understanding of the interplay between public and private collaboration (PPC) and SME development. The purpose of this research study is to look into how SMEs can be developed within public and private sector collaborative arrangements. Our interview is expected to take approximately an hour and will help provide an understanding of where SMEs currently fit within public-private collaborative efforts and provide insights into what elements currently exist in PPCs to develop SMEs. If you agree, the interview will be audio recorded and transcribed with the possibility of the use of web conferencing services (such as Skype) in the case where a face to face interview is not possible.

#### **Your participation is voluntary and can be withdrawn at any time without any penalty.**

All data collected will be reported and stored without identifiers and will be secured according to the highest standards of data security. Should you have any queries, please note that you may either contact the researcher or supervisor. Our details are provided below:

Researcher:

Supervisor:

Awore Taigbenu

Dr Anastacia Mamabolo

Email: \_\_\_\_\_

Email: [mamaboloa@gibs.co.za](mailto:mamaboloa@gibs.co.za)

Tel: \_\_\_\_\_

Tel: \_\_\_\_\_

Name of participant:

\_\_\_\_\_

Signature of participant: \_\_\_\_\_

Date: \_\_\_\_\_

Name of researcher:

\_\_\_\_\_

Signature of researcher: \_\_\_\_\_

Date: \_\_\_\_\_