

**The Impact of enterprise supply and development funds on SMMEs'
performance**

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Abstract

Small, medium, and micro enterprises (SMMEs) play a vital role in South Africa's economy by generating employment, fostering income, and stimulating local economies, especially in rural and previously disadvantaged areas. As drivers of innovation, competition, and a diverse marketplace, SMMEs contribute significantly to national productivity and inclusive economic growth. Their adaptability makes them key agents of socio-economic transformation, supporting poverty reduction and the fight against inequality. Ensuring the sustainability and success of SMMEs is essential for continued socio-economic development, economic stability, and achieving national developmental objectives. This research investigates how Enterprise Supply and Development (ESD) Funds impact the financial performance, innovation, and workforce development of SMMEs in South Africa. Guided by the dynamic capabilities theory, the study quantitatively assesses how ESD Funds help SMMEs access resources, drive innovation, and build a skilled workforce. It further examines the effectiveness of targeted financial support in enabling SMMEs to respond to evolving market and regulatory conditions, thereby enhancing their sustainability and economic contribution. The findings aim to inform policymakers and practitioners on optimal strategies for supporting the growth and resilience of SMMEs in a rapidly changing business environment.

Keywords

SMMEs, Enterprise Supply and Development Funds, Financial Performance, Workforce Development, Innovation Capacity.

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.

Student Number 24078931

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Chapter 1: Introduction to the research

1.1 Background

Small, medium, and micro enterprises (SMMEs) across various sectors encounter numerous challenges that hinder their progress. According to Eggers, (2020). SMMEs face significant resource constraints that hinder their growth and contribution to national reconstruction. These enterprises often lack vital access to critical support services, including advisory guidance, effective marketing strategies, adequate financing, reliable infrastructure, comprehensive training, and appropriate technology (Eller et al., 2020).

Moreover, the prevailing regulatory environment frequently falls short of providing the necessary support to enable these businesses to thrive. Addressing these resource limitations through targeted government interventions and supportive policies is essential to empowering SMMEs to play a pivotal role in economic development, job creation, and social equity within the new South African economy (Nieuwenhuizen, 2019).

Key among these issues is the challenge of access to funding, which limits their potential for growth. Additionally, these enterprises often struggle with innovation capabilities, making it difficult to adapt to the rapidly changing market demands. Furthermore, the development of a skilled workforce remains critical, as many SMMEs face shortages in this area (Eller et al., 2020).

The combination of these factors, alongside fierce market competition, evolving technology, regulatory demands, and the need for effective customer strategies, can significantly impact their ability to scale operations. To thrive, SMMEs need to prioritize securing funding, enhance their innovative processes, and focus on workforce development while engaging in strategic planning and resource optimization to foster growth and resilience in a dynamic business environment (Eller et al., 2020).

Access to financial resources enhances an organization's dynamic capabilities, allowing it to foster resilience, drive innovation, and adjust to changes within the industry. According to the dynamic capabilities' theory, an organization's ability to integrate, enhance, and reorganize both internal and external competencies is crucial for responding to rapidly changing environments. This theory serves as the foundation for the quantitative exploration in this research (Zhou et al., 2019)

1.2 Research problem

1.2.1 Practical Problem

The National Development Plan (NDP) outlines several goals for South Africa by 2030, including the eradication of income poverty, reduction of inequality, and a target of 6 percent

unemployment. There is a substantial gap between these goals and the current economic climate in South Africa. According to the World Bank (2020), the incidence of household poverty stands at 55.5 percent, which translates to a staggering 30 million people living in poverty (National Planning Commission, 2013).

The unemployment rate in South Africa stands at a staggering 32.9 percent. Additionally, the nation ranks among the most persistently unequal societies globally, evidenced by a Gini coefficient of 0.691 as reported by StatsSA in 2019. According to the World Bank (2014), its most recent data reported a Gini coefficient of 0.63; this figure has shown little change over the past 10 years, reflecting entrenched disparities. Therefore, South Africa must prioritise accelerating inclusive economic growth. Only through such an approach can the country hope to achieve meaningful decreases in poverty levels, reduce inequality, and lower the unemployment rate significantly, thereby fostering a more equitable society for all its residents (Statistics South Africa, 2025).

SMMEs are a crucial part of the South African economy that can help turn the dial for South Africa and, hopefully, help achieve the 2030 NDP targets. However, Enwereji (2023) found that SMMEs in South Africa face numerous challenges that impede their growth and performance, particularly in accessing finance and overcoming infrastructural constraints. While SMMEs, especially own-account and micro enterprises, identify infrastructure and access to finance as significant barriers, competition emerges as the predominant obstacle for larger, formal small and medium firms (Nieuwenhuizen, 2019)

Despite the crucial role of finance in enabling business expansion, smaller businesses often struggle to secure formal credit, limiting their ability to invest and grow. Moreover, the divided nature of the SMME sector, with a large informal segment owned by vulnerable groups and a smaller formal segment driven by more established entrepreneurs, further complicates the effectiveness of financial support measures (Naradda et al, 2020).

One significant avenue of support for black-owned small and medium-sized enterprises (SMEs) in South Africa is enterprise supply and development (ESD) funds. According to Nadia and Rawjee (2024), these funds are specifically designed to accelerate the growth of black-owned businesses by providing not only financial assistance but also crucial mentorship and business development support. ESD initiatives are commonly implemented as part of a company's Broad-Based Black Economic Empowerment (B-BBEE) strategy, aiming to foster transformation and greater inclusivity within the South African economy. Through ESD programmes, beneficiary enterprises gain access to funding, skills transfer, and market opportunities, which together can enhance their sustainability and contribution to economic development (NEF Corporation, 2025).

Hence, understanding the impact of enterprise supply and development funds on SMME performance is vital to addressing these constraints and fostering inclusive economic growth. As the importance of SMMEs as vital contributors to innovation and economic development increases, they also employ the majority of the underprivileged people in South Africa; however, the same SMMEs struggle to stay in business. While funding and loans are designed to help these enterprises, the actual benefits of such financial support on the financial health of SMMEs are not entirely clear. Additionally, the varied impacts of different financial solutions, such as grants, loans, and equity, underscore the intricate nature of financial aid and its effects on the growth paths of SMMEs (Stats SA, 2022).

Figure 1: SEDA SMME Quarterly report

KEY INDICATORS	2023Q1	2023Q4	2024Q1	q-o-q change	y-o-y change
Number of SMMEs	2 706 617	2 663 839	2 670 569	0.3%	-1.3%
Number of formal SMMEs	815 934	783 347	789 833	0.8%	-3.2%
Number of informal SMMEs	1 800 729	1 815 810	1 804 434	-0.6%	0.2%
Number jobs provided	11 822 568	10 558 686	11 352 824	7.5%	-4.0%
% operating in trade & accommodation	36.0%	39.8%	37.2%	-2.6% pts	1.2% pts
% operating in community services	15.7%	16.1%	15.7%	-0.5% pts	0% pts
% operating in construction	13.8%	12.8%	12.5%	-0.3% pts	-1.3% pts
% operating in fin. & business services	14.7%	14.3%	15.3%	1% pts	0.6% pts
% black-owned formal SMMEs	74.6%	75.7%	74.6%	-1.1% pts	0% pts
% contribution of SMEs* to turnover of all enterprises [#]	26.9%	33.6%	23.1%	-10.5% pts	-3.8% pts

Source: SEDA SMME Quarterly 2024 QLS

Recent trends in South Africa show a worrying drop in the number of small, medium, and micro enterprises (SMMEs). This decline is concerning for the country's economic future. According to quarterly reports from the Small Enterprise Development Agency (SEDA), the total number of SMMEs has been decreasing over the past few years, especially after economic shocks like the COVID-19 pandemic. This decline highlights how vulnerable small businesses are to external challenges and suggests that we might be losing important drivers of innovation, jobs, and overall economic energy (Small Enterprise Development Agency, 2024).

The decline of SMMEs in South Africa is particularly concerning given the country's ambitious goals for 2030 and the persistent challenges of high unemployment and poverty. If this downward trend continues, it could set back efforts to achieve inclusive economic growth and deepen existing inequalities. For this study, the shrinking number of SMMEs highlights the urgent need to identify and tackle the obstacles they face, especially when it comes to accessing finance and receiving proper development support. Understanding these issues is crucial for shaping policies and programs that can help turn the situation around, keeping SMMEs as a key driver of economic resilience and opportunity across the nation (National Planning Commission, 2025).

1.2.2 Academic Rationale

Existing scholarship on SME funding in South Africa largely recognises that access to finance is a fundamental enabler for business growth and sustainability. Empirical studies consistently demonstrate that sufficient funding can enhance an enterprise's ability to invest in technology, expand operations, and pursue new market opportunities. However, the relationship between funding and financial performance is not straightforward. Research indicates that while financial resources are necessary, they are not always sufficient to guarantee improved profitability, revenue growth, or long-term sustainability for SMMEs (Dzomonda, 2022).

This is because several other factors, such as innovation capability, workforce skills, managerial expertise, and organisational culture, can significantly influence whether and how financial inputs translate into measurable financial outcomes. Despite these insights, a clear gap remains in the literature; the direct link between funding and improved financial performance is often assumed rather than rigorously examined. There is limited empirical evidence exploring how and why some funded SMMEs outperform others, or why financial support sometimes fails to yield the anticipated benefits (Putra & Adawiah, 2023).

Notably, much of the existing research does not adequately consider the role of mediating factors that could shape this relationship. This study seeks to address this gap by investigating the mechanisms through which funding impacts SMME outcomes, with a particular focus on the mediating roles of workforce development and innovation. Specifically, the research will examine how investments in employee training, recruitment, and retention, alongside efforts to foster innovation, may influence the effectiveness of external financial support in driving financial performance. By clarifying these mediating pathways, the study aims to deepen understanding of what is required for funding to truly enhance SMME success (Jayeola et al., 2022).

According to Baloyi and Khanyile (2022), capital is essential for SMMEs to invest in technology, talent, and innovation; however, many enterprises struggle to translate funding into tangible financial performance improvements. Levers such as Innovation capability, skills, management experience, organizational culture, market conditions, and geographic location may significantly moderate this relationship, complicating the effectiveness of financial aid programs (Malesev & Cherry, 2021).

Access to funding plays a critical role in determining the success of organizations, particularly small and medium-sized enterprises (SMEs) during challenging times. Existing literature highlights that while financial resources are essential for fostering innovative and proactive strategies, such as entrepreneurial and market orientations, they do not automatically ensure positive outcomes. Even with sufficient funding, SMEs may struggle to implement high-risk

strategies due to limited resources or heightened risk aversion, creating a complex interplay between available funding and successful strategy execution (Eggers, 2020).

Moreover, resource constraints often hinder SMEs' capacity to execute effective entrepreneurial and market-oriented strategies, which are necessary to effectively utilise the funding they have. This creates a dilemma, often referred to as the "strategy/funding chicken-and-egg problem," wherein firms require funding to develop strategies that lead to success, yet those very strategies are what enhance their chances of receiving funding. As crises further exacerbate resource limitations, SMEs find themselves in a precarious position that influences their operational effectiveness and overall viability (Cruz Rincon et al., 2023)

The significance of managerial expertise and an effectual thinking approach cannot be overlooked. Success in uncertain environments relies heavily on the ability of SME leaders to manage available resources creatively and effectively. Thus, even with unequal access to funding, where innovative SMEs often encounter more significant barriers, success can still be attained through the strategic application of knowledge, collaboration, and resourcefulness. Ultimately, while funding is a vital component for SMEs, its effectiveness is contingent upon the right strategic orientation and managerial capabilities, emphasising the multifaceted nature of the research problem in understanding SME success (AHMAD & AHMAD 2021).

The primary aim of this research is to assess how funding impacts the effectiveness of SMMEs across different sectors. This includes investigating whether these financial resources significantly improve critical aspects such as innovation, profitability, revenue growth, operational efficiency, and overall financial health. Gaining insights into these factors will underscore the potential of these funds to positively influence the economic performance of SMMEs in various industries. The focus will be on the Hypothesis and research questions outlined below (Ng et al., 2020).

1.3 Purpose statement

This study investigates how supplier development funding contributes to financial performance by enabling workforce development and innovation. Specifically, it aims to analyse the extent to which financial support for SMMEs facilitates the enhancement of employee skills, effective recruitment and retention, and the cultivation of innovative practices. By examining these interconnected pathways, the research seeks to clarify the mechanisms through which supplier development funding can drive measurable improvements in SMME profitability, growth, and long-term sustainability. Ultimately, the study will provide valuable insights into the strategic role of targeted funding in fostering an agile, skilled, and innovative workforce that underpins improved financial outcomes for SMMEs in South Africa.

This research seeks to also analyse the influence of funding on workforce development and the innovation capabilities of Small, Medium, and Micro Enterprises (SMMEs). It examines various aspects of this relationship, with a particular emphasis on the importance of investing in employee training, effective recruitment practices, and retention strategies to foster innovation. The study aims to uncover the complex connection between external financial support and the successful development of employee talent and innovation.

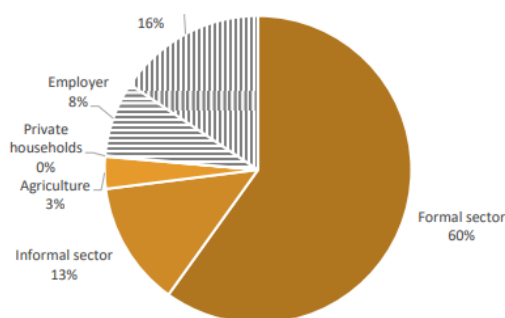
This study seeks to explain how external financial support enables the development of employee talent and fosters innovation within SMMEs. Furthermore, it examines how investments in workforce skills and improvements in workplace dynamics, facilitated by such financial support, contribute to enhanced financial performance. By exploring these relationships, the research intends to offer insights into the essential role of funding in enhancing both individual and collective capabilities within SMMEs, ultimately fostering a more skilled and innovative workforce (Motta, 2020).

1.4 Significance of the study

The primary objective of this research is to address the pressing need for a deeper and more comprehensive understanding of the various factors that influence the success or failure of Small, Medium, and Micro Enterprises (SMMEs). In particular, this study will focus on examining the critical role that financial support from both the public and private sectors plays in shaping the operational landscape of SMMEs within South Africa.

Given the significant contribution of SMMEs to the economy and job creation, it is essential to explore how different forms of financial assistance, such as grants, loans, and investments, can either bolster or impede the growth trajectories of these enterprises. By analysing these dynamics, the research aims to provide valuable insights that can inform policymakers, financial institutions, and SMME owners, thereby enhancing the effectiveness of financial support mechanisms and ultimately contributing to more sustainable economic development within the region (Nakku et al.,2020).

Figure 2: Employment provided by SMMEs in 2024Q1



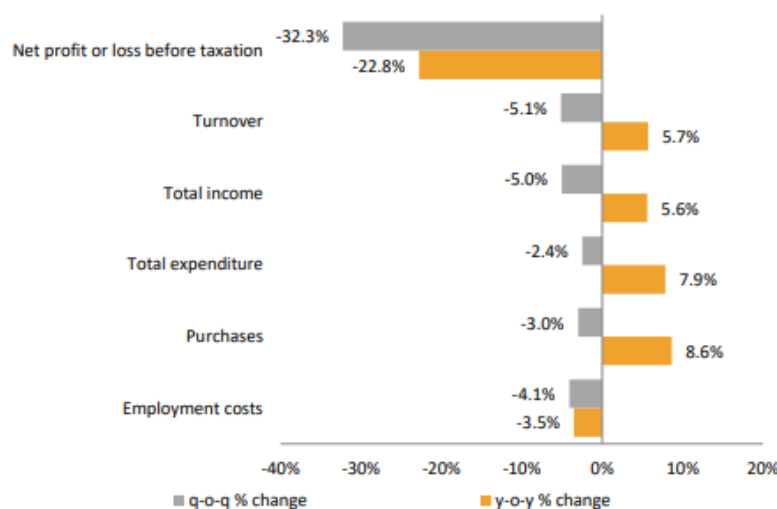
Source: QLFS of Stats SA

Recent reports from Statistics South Africa (Stats SA) highlight the ongoing importance of small, medium, and micro enterprises (SMMEs) as a major driving force behind job creation in the country. Looking at 2024, these businesses are responsible for nearly two-thirds of all formal employment outside of the agricultural sector. This clearly demonstrates just how crucial they are in generating new work opportunities and encouraging economic participation across South Africa. SMMEs play a vital role in bringing new people into the labour force, supporting both skilled professionals and unskilled workers alike.

Their contribution is especially important in the fight against the persistently high unemployment rates that many South Africans continue to face. Overall, the latest data underscores how essential SMMEs are, not just for providing livelihoods for individuals and families, but also for fostering economic stability and growth in the country.

SMMEs face a significant challenge, marked by a notably high failure rate, particularly during the early years of their establishment. This is compounded by a glaring absence of in-depth analysis regarding the specific reasons behind inadequate performance and failure, which is a prevalent issue in developing economies like South Africa. While it is well-established that financial aid plays a crucial role in the performance of SMMEs on a global scale, existing literature falls short in offering a thorough understanding of whether the financial support currently available is not only relevant but also sufficient to meet the actual needs of these enterprises, considering aspects like the adequacy of available resources in both quantity and quality (Bushe, 2019).

Figure 3: Change per financial indicator: 2024Q1



Source: QFS of Stats SA

Furthermore, research on the synergy between the financial products accessible to SMMEs and their unique requirements remains sparse. This lack of alignment presents various challenges, including insufficient business capabilities, low levels of financial literacy, and a disconnect among support providers. To bridge these knowledge gaps and inform effective policy-making, it is imperative to assess how financial assistance influences SMME success. The goal is to develop programs that are driven by actual demand, ensuring they are closely aligned with the expectations and necessities of SMMEs (Megersa, 2020).

Consequently, this study aims to enhance the existing academic literature by shedding light on the key determinants of SMME success, with a special focus on financial support mechanisms and the mediating roles of innovation and workforce development on SMME financial performance. This contribution is intended to guide policymakers, researchers, and practitioners in promoting sustainable business development in the sector.

Chapter 2: Literature review

2.1 Introduction

This literature review examines how workforce development and innovation are considered key factors in the relationship between Enterprise and Supplier Development (ESD) funding and the financial performance of Small, Medium, and Micro Enterprises (SMMEs). To make a clear and convincing case, the review clearly explains these concepts, examines different scholarly perspectives on their roles, and uses agency theory as a guiding framework to support the proposed hypotheses. The goal is to clear up some confusion from earlier research by providing precise definitions and showing how theory can help explain what's going on in this area better.

2.2 Theoretical Frameworks

2.2.1 Agency Theory

Agency theory is a conceptual framework that examines the relationship between principals (such as owners, shareholders, or funders) and agents (such as managers or business operators) within an organisational context. The theory is primarily concerned with the inherent conflicts of interest that may arise when agents are tasked with making decisions on behalf of principals, especially when the goals and risk appetites of the two parties do not fully align. Central to agency theory is the notion of information asymmetry, where agents typically possess more information about the operational realities of the business than the principals, potentially leading to decisions that may not always serve the best interests of those providing the resources (Ross, 1973).

In relation to this research, agency theory is particularly relevant as it provides a structured lens for understanding how financial support, specifically through Enterprise and Supplier Development (ESD) funding, is allocated and utilised within SMMEs. Applying agency theory enables the exploration of how the motivations and incentives of SMME managers (agents) might influence the effectiveness of ESD funding provided by external stakeholders (principals). This perspective helps to clarify under what conditions ESD funds are likely to be invested in key areas such as workforce development and innovation, and how aligning the interests of funders and managers can enhance business performance and sustainability. By utilising agency theory, the study aims to uncover the mechanisms through which financial support can be most effectively channelled to drive positive outcomes for SMMEs (Liu et al., 2022).

In this context, agency theory helps us understand how specific funding strategies can motivate managers to focus on developing their workforce and fostering innovation. When managers are given targeted funds, they are more likely to invest in activities that drive overall

business growth and improve financial results, aligning their efforts with the company's broader goals. The theory also considers potential conflicts of interest and situations where there might be gaps in information between managers and stakeholders, which can influence how funds are allocated (Rao et al., 2023).

When these issues are managed well, agency theory suggests that funds, particularly those aimed at enterprise, Supply, and development (ESD) initiatives, are more likely to be used effectively and productively. This explains why the research hypothesizes a positive link between funding and improved business performance, mainly through two key pathways: workforce development and innovation. In essence, strategic funding, guided by principles from agency theory, can serve as a powerful tool to motivate managers and steer companies toward sustainable growth and success (Van Song et al., 2022)

2.2.2 Resource-Based View (RBV)

In addition to agency theory, several other theoretical frameworks are highly relevant for this research on the relationship between ESD funding and SMME performance. One such approach is the Resource-Based View (RBV) of the firm, which emphasises the importance of unique internal resources, such as skilled employees, innovative capacity, and organisational knowledge, in achieving and sustaining competitive advantage. RBV can help explain how financial support, when channelled into workforce development and innovation, enhances the strategic assets of SMMEs and drives superior business outcomes (Barney, 1991).

The Resource-Based View (RBV) theory is a strategic management framework that suggest the long-term success and competitive advantage of a firm are rooted in its possession and effective utilisation of unique internal resources. These resources include tangible and intangible assets such as skilled employees, innovative capacity, proprietary technologies, and organisational knowledge. According to RBV, for a resource to provide sustainable competitive advantage, it must be valuable, rare, difficult to imitate, and not easily substituted by alternatives (Barney & Arikan, 2005).

In the context of this research, RBV is highly relevant because it helps explain how Enterprise and Supply Development (ESD) funding can be leveraged to strengthen the core capabilities of Small, Medium, and Micro Enterprises (SMMEs). By directing financial support toward workforce development and innovation, SMMEs can build distinctive competencies, such as a highly skilled workforce and innovative products or processes, that are not easily replicated by competitors. This strategic investment in internal resources enables SMMEs to respond more effectively to market challenges, exploit emerging opportunities, and achieve superior performance outcomes. Thus, RBV provides a valuable lens for understanding the

mechanisms through which targeted funding can translate into lasting strategic advantages and business growth for small enterprises (Lu et al., 2023)

When ESD funding is strategically directed towards workforce development, SMMEs are able to invest in upskilling their employees, cultivating unique organisational knowledge, and fostering a culture of continuous learning. This not only enhances the capabilities of the workforce but also builds a reservoir of tacit knowledge that is difficult for competitors to replicate (Dionysus & Arifin, 2020).

Similarly, channelling financial support into innovation empowers SMMEs to develop new products, services, and operational processes. Such investments can result in proprietary technologies, improved business models, and creative solutions that set the enterprise apart in the marketplace. By strengthening these internal assets, skilled human capital and innovative capacity, SMMEs are better equipped to respond to market changes, exploit new opportunities, and achieve superior business performance. In this way, RBV helps to clarify the mechanisms by which targeted financial support translates into strategic advantages and long-term success for small businesses (Lukovszki et al., 2021)

2.2.3 Institutional Theory

Another important theory is the Institutional Theory, which looks at how outside factors like laws, industry standards, and cultural expectations can influence how organisations behave and make decisions. Using this perspective, the study can examine how policies and economic environments affect the success of ESD funding and the ways organisations adopt workforce development and innovation practices (Risi et al., 2023).

Institutional Theory is a way of studying organisations that looks at how external social, legal, and cultural forces shape the way organisations are structured, how they operate, and how they behave. The main idea is that organisations aren't just motivated by internal goals or how they use resources; they also have to match external expectations and norms to appear legitimate, stable, and to access important resources. These pressures can come from government rules, industry standards, professional groups, or societal cultural norms. As a result, organisations often end up adopting similar practices within the same environment, a phenomenon known as institutional isomorphism (Meyer & Rowan, 1977).

This research finds that Institutional Theory is helpful in understanding how the wider policy environment, regulations, and societal norms influence how small, medium, and micro enterprises (SMMEs) participate in Enterprise and Supply Development (ESD) funding. By looking at it through this perspective, the study can examine how things like following government rules, aligning with industry standards, or fitting into cultural expectations can either help or hinder the success of ESD programs (Van Wijk et al., 2019).

For example, government regulations can motivate small, medium, and micro-sized enterprises (SMMEs) to invest in developing their workforce and fostering innovation. However, excessive bureaucracy might also create obstacles, making it difficult for them to access and use funding effectively. Institutional Theory helps us understand how external factors influence the way SMMEs adopt, implement, and succeed with workforce development and innovation programs funded through ESD. It complements internal viewpoints like agency theory and the resource-based view, offering a more complete picture (Surya et al., 2021)

2.2.4 Contingency Theory

The contingency Theory may also offer valuable insights. This theory suggests that organisational effectiveness results from aligning internal strategies and structures with external environmental factors. In the context of SMMEs, contingency theory could help analyse how the impact of ESD funding varies depending on factors such as firm size, sector, or market conditions, thus providing a more nuanced understanding of when and how financial support mechanisms yield the greatest benefits (Fiedler, 2015)

Contingency Theory is a management idea that suggests there's no one-size-fits-all approach to organising or leading a company. Instead, the best strategies and structures for a business really depend on the specific situation it faces. This means that what works well for one company might not work for another because each operates in a different environment (Otley, 2016).

According to this theory, a company's effectiveness depends on how well it can align its internal elements, like its strategies, processes, and resources, with external factors such as industry trends, market conditions, government regulations, and the company's size or sector. The core idea is that successful organisations are those that are flexible enough to adapt their internal workings to meet the demands and limitations of their external environment. This adaptability allows them to respond more effectively to changes and challenges, ultimately giving them a competitive edge. It emphasises the importance of understanding and reacting to the unique circumstances each organisation faces, rather than relying on a fixed formula for success (Lartey, 2020).

In this research, Contingency Theory is very relevant because it offers a framework for analysing how the impact of Enterprise and Supply Development (ESD) funding on SMMEs varies based on situational factors. For instance, the success of workforce development and innovation efforts may rely on the company's size, the industry it operates in, or the competitive and regulatory environment. By using Contingency Theory, the study can examine when ESD funding provides the most benefits and how SMMEs can adjust their strategies to maximize the value of financial support. This method provides a deeper understanding of the relationship

between internal capabilities and external pressures, ensuring that policy and practice recommendations are relevant to specific contexts and reflect the real-world challenges faced by SMMEs (Ramirez & Lim, 2021).

2.2.5 Dynamic Capabilities Theory

Dynamic Capabilities Theory offers another useful perspective for understanding how SMMEs can achieve sustained competitive advantage in changing environments, focusing on the ability of SMMEs to integrate, build, and reconfigure internal and external competencies, such as innovation capability and workforce development. This theory focuses on an organisation's ability to integrate, build, and reconfigure internal and external competencies to address rapidly shifting conditions. In essence, dynamic capabilities refer to processes and routines that enable firms to sense opportunities and threats, seize new opportunities, and transform their resources and strategies to remain relevant and effective (Teece et al., 1997).

In the context of this research, Dynamic Capabilities Theory is highly relevant because it highlights the importance of adaptability and continual renewal for SMMEs participating in ESD funding programmes. By developing dynamic capabilities, these enterprises can better leverage workforce development and innovation initiatives to respond to evolving policy requirements, market trends, and competitive pressures. This perspective helps explain why merely resources or skills having is not enough; SMMEs must also possess the agility to reconfigure these assets in line with external changes, ensuring long-term growth and resilience (Childs et al., 2022)

Dynamic capabilities are the processes and routines that help firms identify new opportunities, take advantage of them, and adjust their strategies over time. This ongoing ability to adapt is key to maintaining good financial performance. For SMMEs involved in ESD funding programs, this idea highlights the importance of continuous renewal and agility. By developing these capabilities, SMMEs can better use workforce development and innovation efforts to keep up with changing policies and market trends, which can improve their financial stability. Instead of just relying on fixed resources or skills, SMMEs need the flexibility to reshuffle their assets in response to external changes, ensuring they stay resilient, grow in the long run, and maintain strong financial health (Wenzel et al., 2021)

2.2.6 Innovation Theory

Innovation Theory helps us understand how small and medium-sized enterprises (SMMEs) explore and develop new ideas, processes, and technologies to stay competitive and grow. Essentially, it looks at how organizations come up with, adopt, and put into action new solutions, emphasizing creativity, willingness to take risks, and sharing new practices within the organization. The theory suggests that innovation isn't just a one-time event but an ongoing

process influenced by internal strengths as well as external factors like market trends and government policies (Schumpeter, 1883).

In this study, Innovation Theory is really important because it helps us understand how SMMEs develop and use innovation as a key part of their strategy. Using this theory, we can look at how these businesses spot opportunities for innovation, deal with challenges, and bring new ideas into their daily operations. It also helps explain how workforce development and innovation go hand in hand: having a skilled, flexible team is usually the starting point for innovative practices, and those innovations, in turn, encourage employees to learn more and organizations to grow (Fitriatia et al., 2020).

This study will specifically utilize Innovation Theory as a key framework to better understand how SMMEs develop and utilize their innovation capabilities to improve their financial performance. By exploring how these businesses leverage their employees' expertise and foster an organizational culture that encourages creativity, the research aims to reveal how continuous improvement and innovative problem-solving become integral parts of their operations. Innovation Theory sheds light on how workforce development activities, such as employee training, skill enhancement programs, and knowledge sharing, are crucial for building the human capital necessary for innovation to flourish (Zhang, 2022).

Furthermore, it highlights the role of a strong innovation capability in helping SMMEs adapt swiftly to changes in the marketplace, capitalize on emerging opportunities, and sustain a competitive advantage over time. By combining Innovation Theory with other relevant theoretical perspectives, the research will offer a more comprehensive understanding of how financial support mechanisms, such as the ESD funding, can act as catalysts. These mechanisms not only promote workforce development but also stimulate innovation, ultimately contributing to the long-term growth and success of SMMEs. The goal is to show how strategic investment in human capital and innovation can create a resilient business environment that adapts and thrives amidst changing economic conditions (Tsai et al., 2022).

2.3 SMME Development Funding

According to Rao et al. (2023), SMME funding refers to the financial resources provided to SMMEs to support their growth, sustainability, and competitiveness. In the context of this research, SMME funding is seen as a critical enabler, allowing these enterprises to overcome typical barriers such as limited access to capital, inadequate infrastructure, and restricted market access. The funding may come in various forms, including grants, loans, equity investments, and government subsidies, all aimed at addressing the unique needs and challenges faced by smaller businesses. By providing the necessary financial support, SMME

funding helps these enterprises invest in workforce development, innovation, and other strategic initiatives essential for long-term success.

Enterprise and Supplier Development (ESD) funding is a specialised form of SMME funding, particularly relevant in the South African context. ESD funding is designed not just to provide financial support but also to foster the growth of black-owned and black-empowered SMMEs within the supply chains of larger organisations, as mandated by the Broad-Based Black Economic Empowerment (B-BBEE) framework. Nadia and Rawjee (2024) highlight that ESD funding programmes typically combine direct financial investment with capacity-building interventions, such as mentorship, skills transfer, and market linkage opportunities. This integrated approach aims to create sustainable, competitive suppliers who can meaningfully participate in the mainstream economy.

A key distinction between ESD funding and other types of SMME funding lies in its dual focus: while traditional SMME funding often centres primarily on capital provision for general business operations or expansion, ESD funding is explicitly geared towards supplier development and transformation objectives. ESD initiatives are generally linked to the procurement strategies of large corporations, with a strong emphasis on compliance with national transformation policies, fostering inclusive economic participation, and building resilient supply chains. In contrast, general SMME funding programmes may not require recipients to integrate into specific value chains or meet transformation criteria, and often lack the structured developmental support characteristic of ESD funding (Kenosi & van der Lingen, 2021).

In this research, understanding the nuances of ESD funding is essential for examining how financial support mechanisms can act as catalysts for workforce development and innovation within SMMEs. ESD funding stands out for its comprehensive approach, combining financial investment with ongoing support and capacity-building, thus providing a stronger foundation for sustainable enterprise growth. The research will explore how this form of funding not only addresses immediate financial constraints but also stimulates broader organisational capabilities, enabling SMMEs to adapt, innovate, and compete effectively in dynamic markets (Ramokgopa, 2022).

2.4 Financial performance

Financial performance refers to the ability of SMMEs to achieve desired financial outcomes and demonstrate economic viability over time. This encompasses a range of quantitative indicators such as revenue growth, profitability, return on investment, and cash flow stability. Financial performance is a critical measure because it reflects how well an SMME is managing

its resources and converting investments, whether in workforce development, innovation, or infrastructure, into tangible business results (Bartolacci et al., 2020)

Within the framework of this study, financial performance is not viewed in isolation but as an outcome influenced by several interrelated factors, including access to funding, workforce development, and innovation capabilities. For example, the provision of SMME and ESD funding enables these enterprises to invest in capacity-building initiatives, adopt new technologies, and implement innovative business processes, all of which can drive improvements in financial metrics. The research thus considers financial performance as a dynamic indicator, responsive to both internal strategies and external support mechanisms (Ahinful et al., 2023).

Lewandowska et al. (2021) highlight that improvements in financial performance are often linked to strategic investments in human capital and innovative practices. By tracking metrics such as increased sales, higher profit margins, and enhanced operational efficiency, the research aims to demonstrate the tangible benefits of integrating workforce development and innovation into SMME growth strategies. These financial outcomes serve as key benchmarks for assessing the long-term sustainability and competitiveness of SMMEs, particularly in environments where access to funding and capacity-building support, such as ESD funding, play a significant role in enterprise development

2.5 Workforce Development

Workforce development for small, medium, and micro-sized enterprises (SMMEs) involves intentional and strategic efforts to enhance the skills, knowledge, and overall productivity of employees. This is achieved through various targeted approaches such as specialized training programs, educational initiatives, and organizational learning opportunities that equip staff with the tools they need to succeed. In practical terms, the success of workforce development can be assessed through indicators like how much an organization invests in staff training, the adoption of strategies aimed at boosting skills, and improvements in employee performance and engagement metrics (Kezron, 2024).

The importance of workforce development for SMMEs cannot be overstated; it helps these businesses build a resilient and flexible workforce capable of adapting to rapid market changes, seizing new opportunities, and maintaining a competitive edge. Unlike innovation, which focuses on creating entirely new products or services, workforce development emphasizes nurturing the human capital within the company, investing in people to drive long-term growth and sustainability. This focus on people not only enhances individual careers but also strengthens the overall health and competitiveness of the business, making it better prepared for future challenges and opportunities (Jabbouri & Farooq, 2021).

2.6 Innovation

Innovation in the context of Small, Medium, and Micro Enterprises (SMMEs) refers to the deliberate act of introducing and applying fresh ideas, new processes, innovative products, or services that can lead to better business results. This isn't just about coming up with ideas; it's about making them happen and seeing real benefits. To measure innovation, businesses often look at how many new products they've launched, whether they've adopted new technologies, and how they've implemented new ways of doing things (Ramdani et al., 2022)

For SMMEs, innovation is especially important because it helps them stand out from competitors, access new markets, and improve their financial health. It's important to note that innovation differs from workforce development. While workforce development focuses on building employees' skills and capabilities, innovation involves using those capabilities creatively and effectively to make meaningful improvements in what the business offers and how it operates. Overall, innovation is a vital driver of growth and competitiveness for smaller businesses, helping them to adapt, thrive, and grow in an ever-changing marketplace (Saunila, 2020).

2.7 Conceptual model development

2.7.1 SME development funding and Financial Performance

A variety of studies have explored the difficulties that SMMEs encounter when trying to secure financing. Key obstacles identified include insufficient collateral, unfavourable credit histories, and prohibitively high capital costs. Moreover, researchers have concentrated on explaining how these financial barriers not only hinder the growth potential of SMMEs but also threaten their long-term sustainability and profitability. By understanding these challenges in-depth, stakeholders can better tailor financial solutions to meet the unique needs of SMMEs, ultimately promoting a more vibrant and resilient entrepreneurial landscape (Calabrese et al., 2021).

Research highlights the critical role of funding in enhancing management practices and operational efficiencies in SMMEs. In particular, the impact of ESD funds cannot be overstated as these funds provide the necessary financial support that fosters improved strategic planning and sound financial management among entrepreneurs. With adequate ESD funding, SMMEs can implement effective strategies that directly contribute to their financial performance and competitiveness in the market (Alam et al., 2021).

Furthermore, recent studies have investigated the influence of government initiatives and developmental funding on SMMEs; evaluations consistently show that access to financial support can significantly enhance business performance and stimulate job creation. Much of the research emphasises measurable results, including increases in revenue and profitability,

showcasing how strategic financial interventions can transform the landscape for SMMEs and contribute to broader economic growth (Park et al., 2020).

This also cements the agency theory which deals with the conflict of interest between stakeholders (e.g., entrepreneurs, investors, lenders) and the implications for decision-making and governance. In the context of SMMEs obtaining funds, it can provide insights into how financing conditions may influence management behaviour, accountability, and the risks associated with different funding mechanisms (Jensen & Meckling, 1976).

2.7.2 SME Development funding and Workforce development

Researchers found that SME Development funding plays a crucial role in advancing workforce development within SMMEs. Access to financial resources, such as ESD funds, enables businesses to invest in employee training, skills enhancement, and capacity building initiatives. These investments directly contribute to creating a more competent and adaptable workforce, which is essential for maintaining competitiveness and responding effectively to market changes. The literature highlights that when SMMEs receive targeted funding, they are better equipped to nurture their human capital, resulting in long-term benefits for both individual employees and the overall organisation (Malotana, 2025).

Furthermore, research shows the positive impact that development funding has on management practices and operational efficiencies. With adequate financial support, SMMEs can implement strategic workforce development programmes that foster improved talent recruitment, retention, and upskilling. These enhancements not only improve the quality of service delivery and product development but also create a resilient organisational culture that supports innovation and growth. Studies have shown that businesses benefiting from such funding demonstrate measurable improvements in productivity and employee engagement, which ultimately lead to stronger financial performance and increased competitiveness (Fadil & St-Pierre, 2021).

Research shows that the connection between funding for SME development and workforce growth is quite flexible and changing. Funding not only provides a boost but also acts as a supporting force. When financial resources are injected, they help remove common obstacles for SMMEs, like the lack of access to training and development because of money issues. This kind of support allows businesses to pursue workforce development efforts that they might not otherwise be able to afford, which improves their operational abilities and boosts overall economic growth. So, the study suggests that targeted funding isn't just a quick fix; it's a crucial factor in ensuring that SMMEs remain sustainable and successful over the long term through continuous workforce development. (Ali et al., 2020).

2.7.3 SME Development Funding and Innovation

Scholars still debate, as noted in Ayoko (2021), on the relative importance and interplay between workforce development and innovation in enhancing SMME performance. One view suggests that workforce development is foundational, providing the necessary skills and organisational culture for innovation to flourish. Proponents argue that without a capable workforce, innovative initiatives are likely to fail due to poor execution or resistance to change.

Conversely, some researchers, as noted in Chatterjee et al. (2024), believe that innovation drives performance independently, suggesting that SMMEs can achieve growth through external expertise or technological adoption even in the absence of robust workforce development programmes. Empirical evidence remains mixed; while some studies as noted in Rosyafah & Pudjowati, (2024) report a positive correlation between workforce development and financial outcomes, others as noted in Ur Rehman et al., (2022) highlight the moderating role of innovation in translating these capabilities into sustainable performance gains. This analytical tension underscores the need to treat workforce development and innovation as distinct constructs, each with specific operational roles within the context of ESD funding.

Furthermore, ESD funds grant access to vital resources, such as advanced technology, which is crucial for innovation and efficiency. They also facilitate recruitment and retention of skilled personnel, which is essential for high-quality service delivery and product development. As SMMEs often operate in constrained financial environments, the infusion of ESD funds not only mitigates financial stress but also empowers these businesses to pursue growth opportunities that would otherwise be unattainable (Wang, et al. 2023)

Therefore, this research clearly demonstrates that ESD funds are pivotal in shaping SMME performance, and investing in these enterprises through targeted funding can lead to significant improvements in their operational capabilities and overall contribution to economic growth (Ali et al., 2020).

2.7.4 Innovation and Finance Performance

As noted in Jamai et al. (2021), recent research highlights a strong and dynamic relationship between innovation and financial performance in SMMEs. Innovation acts as a catalyst for financial success by enabling SMMEs to differentiate themselves in competitive markets, adapt to rapidly changing environments, and respond proactively to evolving customer needs. Studies suggest that SMMEs embracing innovative practices, whether through adopting new technologies, improving products and services, or streamlining operational processes, tend to achieve higher productivity and profitability. This is because innovation often leads to the creation of unique value propositions, improved efficiency, and the ability to capture new

market opportunities, all of which contribute positively to financial outcomes (Nwankwo & Ezeibe, 2021).

Moreover, the introduction of financial resources, such as ESD funding, has been shown to amplify the impact of innovation on financial performance. With adequate funding, SMMEs are better positioned to invest in research and development, acquire advanced technologies, and foster a culture of creativity and risk-taking. This targeted financial support helps overcome common barriers such as limited access to capital and expertise, thereby accelerating the innovation process. As a result, SMMEs not only improve their operational efficiency and productivity but also enhance their resilience and ability to sustain growth amid market uncertainties (Bahta et al., 2021)

Further evidence indicates that the relationship between innovation and financial performance is not linear but mutually reinforcing. As SMMEs innovate and achieve better financial results, they are able to reinvest in further innovation, creating a virtuous cycle of growth and competitiveness. This synergy is particularly significant in sectors experiencing rapid technological change, where continuous innovation is essential for survival and long-term success. Therefore, recent research advocates for an integrated approach, where access to finance and the cultivation of innovative capabilities go hand in hand, ultimately driving superior financial performance in SMMEs (Singh et al., 2022)

In conclusion, researchers have been exploring how external support systems, such as ESD funding, can genuinely boost the positive effects related to innovation and workforce development. These studies, as noted in Azeem et al. (2021), indicate that targeted financial assistance does more than just meet immediate resource needs; it also empowers SMMEs to adopt cutting-edge technologies and focus on employee training and upskilling. This creates a beneficial cycle; improving workforce skills leads to more innovation, which then results in better business performance and greater resilience in the face of challenges. This area of research builds on earlier findings that emphasize the crucial role of funding in enhancing management practices and operational efficiency. Overall, it suggests that having strong support structures in place is fundamental for the long-term success and sustainability of SMMEs (Hanifah et al., 2020).

2.7.5 Workforce development and financial performance

Researchers found that workforce development plays a crucial role in enhancing the financial performance of SMMEs. Studies have demonstrated that investments in training, upskilling, and the creation of a supportive organisational culture contribute to improved operational efficiency and service quality. These improvements, in turn, are linked to higher revenues, better profit margins, and increased competitiveness in the marketplace. For example,

Rosyafah & Pudjowati (2024) reported a positive correlation between workforce development initiatives and improved financial outcomes, suggesting that businesses prioritising employee growth are better positioned to achieve sustainable financial success.

However, the literature also highlights complexities in this relationship, particularly regarding the role of innovation as a potential moderator. Some researchers, such as Ur Rehman et al. (2022), argue that workforce development alone may not directly translate into superior financial performance unless accompanied by a strong emphasis on innovation. In these cases, the benefits of a skilled workforce are fully realised only when organisations foster an environment that encourages creative thinking and the adoption of new technologies. This nuanced perspective suggests that the interplay between workforce development and innovation deserves further exploration to understand how these factors jointly influence business outcomes.

This research aims to build on the existing body of knowledge by investigating the specific mechanisms through which workforce development impacts financial performance within the context of ESD funding. It seeks to uncover whether targeted investments in employee skills and organisational culture, when supported by external funding, can amplify the positive effects on profitability, growth, and resilience among SMMEs. By doing so, the study intends to address gaps in the current literature, offering new insights into how integrated approaches to workforce development and financial resource allocation can drive sustainable success in small and medium enterprises. The findings are expected to inform both academic discussions and practical strategies for policymakers and business leaders seeking to maximise the value of workforce investments (Morched & Jarbouj, 2021)

2.7.6 SME funding, innovation and financial performance

Recent studies have increasingly highlighted how innovation and workforce development are essential components in driving the success of SMMEs. While each of these elements on their own can positively impact business growth, it is their combination that truly creates a powerful effect, especially in markets that are fast-changing and highly competitive. For instance, research has shown that SMMEs that invest in strong workforce development programs tend to be more capable of adopting new innovative practices. This, in turn, leads to higher productivity, greater adaptability to market changes, and increased profitability (Ayoko, 2021).

Such synergy is particularly important in sectors where rapid technological advancements are constantly reshaping how businesses operate. In these environments, continuous learning and creative problem-solving become vital for staying ahead. Overall, the existing body of literature underscores the importance of cultivating an environment where workforce skills and

innovation develop hand in hand, as this approach is key to long-term competitiveness and sustainable growth (Ayoko, 2021).

2.7.7 SME funding, workforce development and financial performance

The connection between developing the workforce, fostering innovation, and ensuring access to necessary resources is fundamental to the success of small, medium, and micro-sized enterprises (SMMEs). Earlier parts of this discussion have pointed out the significant obstacles these businesses encounter when trying to secure funding, as well as the positive changes that developmental finance can bring to their strategic growth and capabilities. When we combine these insights with the latest research on innovation and workforce development, it becomes clear that taking a comprehensive approach is essential (Hanifah et al., 2020).

Such an approach should simultaneously focus on improving skills, encouraging creative thinking, and expanding access to resources. By doing so, we can unlock the true potential of SMMEs, helping them thrive. This holistic view not only enriches academic conversations around this topic but also offers a practical framework for understanding how different factors, from skills and innovation to resource availability, come together to promote sustainable growth within this vital sector of the economy.

2.8 Global and local perspectives on SMME financial performance

Table 1: Global and local perspectives on SMME financial performance

Factors that affect SME Performance	Description (Ali Qalati, 2020).
Technological (Innovation) Factors	Relative advantage, cost-effectiveness, compatibility, interactivity, and visibility of technology. Technology boosts SME performance by driving innovation and improving business activities such as marketing, leading to sustainable growth and profitability.
Organizational Factors (Workforce Development)	Comprise top management support, entrepreneurial orientation, managerial capabilities, and internal characteristics like employees, firm size, and structure. Leadership, especially from CEOs, enhances product innovation and SME performance, also impacting sustainability and performance management.

Environmental Factors	Encompass industry structure, suppliers, regulatory systems, and external conditions. The external environment positively affects SME performance.
Social Media Adoption (innovation)	Acts as a mediating factor that strengthens the influence of the above factors on SME performance. Social media is a customer-focused tool that supports marketing, customer relations, services, and access to information.

Source: Author's own.

In examining further literature on factors influencing the growth of Small, Medium, and Micro Enterprises (SMMEs), researchers have identified a comprehensive set of drivers that extend beyond mere operational efficiency. The people dimension encompasses the attraction and retention of skilled and knowledgeable staff, particularly for advanced, value-oriented services. Empowering employees and nurturing a supportive, entrepreneurial culture are vital as the workforce expands (Lakuma, 2019).

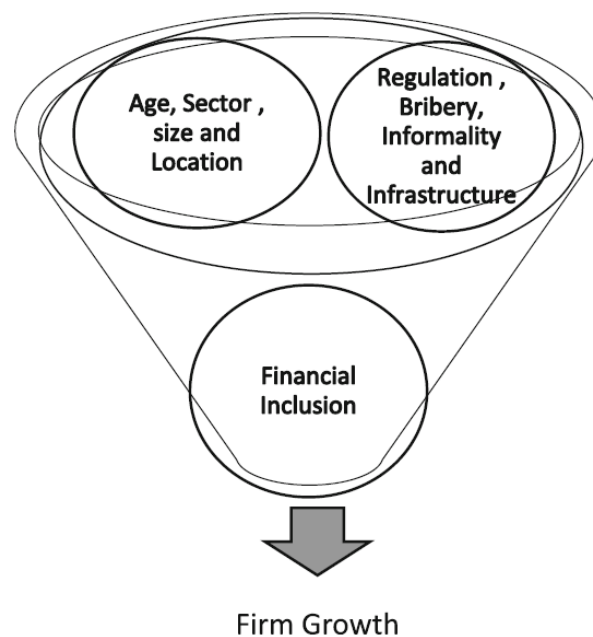
Researchers point out that sustaining organisational traits such as curiosity, ownership, teamwork, and flexibility is crucial during periods of recruitment and rapid growth. However, as firms grow, challenges may arise from diminished informal communication, necessitating deliberate efforts to preserve a collaborative atmosphere. Workforce development, through ongoing training, upskilling, and fostering managerial capabilities, directly supports innovation within SMMEs. By equipping employees with the necessary skills and promoting an environment that encourages new ideas, businesses can drive product and service innovation, further boosting performance and adaptability in competitive markets (Horstmeyer, 2020).

A balanced, holistic approach is necessary for managing SMME growth effectively. The literature suggests that overemphasis on any single area be it business model, leadership, people, or innovation can impede sustainable development. Instead, a "360-degree" perspective that integrates these themes enables firms to navigate the complexities of growth-related challenges and achieve long-term success. Innovation, in particular, should be embedded across organisational practices, incorporating technology adoption, creative problem-solving, and continuous improvement to ensure ongoing relevance and profitability (Sibiya et al., 2023).

Contextual and environmental factors also play a significant role in shaping the growth trajectory of SMMEs. The external business environment, including industry type,

technological advancement, and customer base, directly influences the nature and impact of growth challenges. Importantly, the literature notes that it is the SMEs' responses to external events, rather than the events themselves, that determine their ability to grow and thrive. Adaptability and innovation in response to changing market conditions are crucial for maintaining competitive advantage (Shakeyev et al., 2021).

Figure 4: Factors affecting firm growth



Source: Lakuma et al. Journal of Innovation and Entrepreneurship

Finally, ownership structure is identified as a key factor affecting strategic decisions and overall performance. The configuration of ownership within an SMME can mediate performance outcomes, highlighting the need for further research into how ownership arrangements influence growth and sustainability. Collectively, these factors illustrate that SMME performance during periods of growth is inherently complex and multifaceted, demanding integrated attention to business operations, leadership, workforce development, innovation, and human capital in order to achieve balanced and enduring success.

2.9 Unresolved Challenges and Research Gaps in SMME Performance

Despite the recognised importance of innovation and workforce development in driving the financial performance of Small, Medium, and Micro Enterprises (SMMEs), significant unresolved challenges and research gaps persist. Existing literature often highlights the potential of these constructs, yet there remains limited understanding of how they interact to

shape long-term business outcomes. One major gap is the lack of longitudinal studies that assess how innovation practices and workforce development initiatives impact financial performance over time, particularly in the context of SMMEs' access to funding such as ESD (Enterprise and Supplier Development) funds (Audretsch et al., 2023).

Another unresolved challenge relates to the integration of innovation and workforce development within broader organisational strategies. While isolated studies demonstrate that upskilling employees and fostering a culture of innovation can boost productivity and adaptability, there is insufficient research on the mechanisms through which these factors mediate or moderate the relationship between financial support and SMME performance. This limits our ability to identify best practices for leveraging funding to cultivate innovative capabilities and develop human capital, both of which are critical for sustained competitiveness (Audretsch et al., 2023).

Furthermore, the literature often overlooks sector-specific dynamics, failing to account for how unique industry characteristics might affect the efficacy of innovation and workforce development efforts. For instance, the innovation needs of an IT firm may differ markedly from those of a manufacturing enterprise, yet research rarely provides granular insights into these distinctions. This lack of specificity makes it challenging for policymakers and practitioners to design targeted interventions that address the diverse challenges faced by SMMEs across sectors (Fitriatia et al., 2020).

Finally, current research seldom examines the interplay between external environmental factors, such as market volatility or regulatory changes, and internal strategic efforts in innovation and workforce development. Understanding how SMMEs respond to external disruptions by leveraging their workforce and innovative capacities remains an important yet underexplored area. Addressing these gaps is crucial for developing holistic frameworks that enable SMMEs to harness innovation and workforce development as drivers of financial performance, ensuring their resilience and growth in increasingly competitive markets (Fitriatia et al., 2020).

Despite the evident potential of financial support, the direct link between funding and performance remained inconsistent, prompting calls for researchers to examine internal mechanisms (mediators) and external boundary conditions (moderators). A significant contextual debate focused on macroeconomic stability. Financial market instability, often termed financial fragmentation, was found to impair SMEs' access to bank credit severely. Increased financial fragmentation led to credit rationing (both quantity and price) and amplified the share of discouraged borrowers. Critically, this fragmentation triggered a "flight to quality"

in lending, whereby less creditworthy enterprises suffered a larger negative impact on access to finance (Park et al., 2020).

Furthermore, research exploring the concept of financial resource availability found mixed outcomes. While some prior findings indicated a positive correlation between financial resources and growth, other studies reported no significant relationship. More recent findings indicated that the effect of financial resource availability on performance was often contingent upon psychological factors, such as the entrepreneur's passion domain. This suggested that merely providing capital (ESD Funds) did not guarantee success unless internal resource management and strategic intent were aligned (Dvouletý et al., 2021).

Numerous studies have explored the immediate impacts of funding on Small, Medium, and Micro Enterprises (SMMEs). However, there exists a notable deficiency in longitudinal research that assesses the enduring effects of ESD funds on financial performance. Often, essential non-financial elements like managerial expertise, workforce development and innovation capabilities that significantly affect the relationship between funding and performance are overlooked. Furthermore, different types of funding, such as loans and grants, have not been thoroughly examined for their varied impacts on SMMEs. Additionally, a critical analysis of current funding programs is lacking, which obstructs a proper evaluation of their effectiveness in aiding these businesses (Dvouletý et al., 2021).

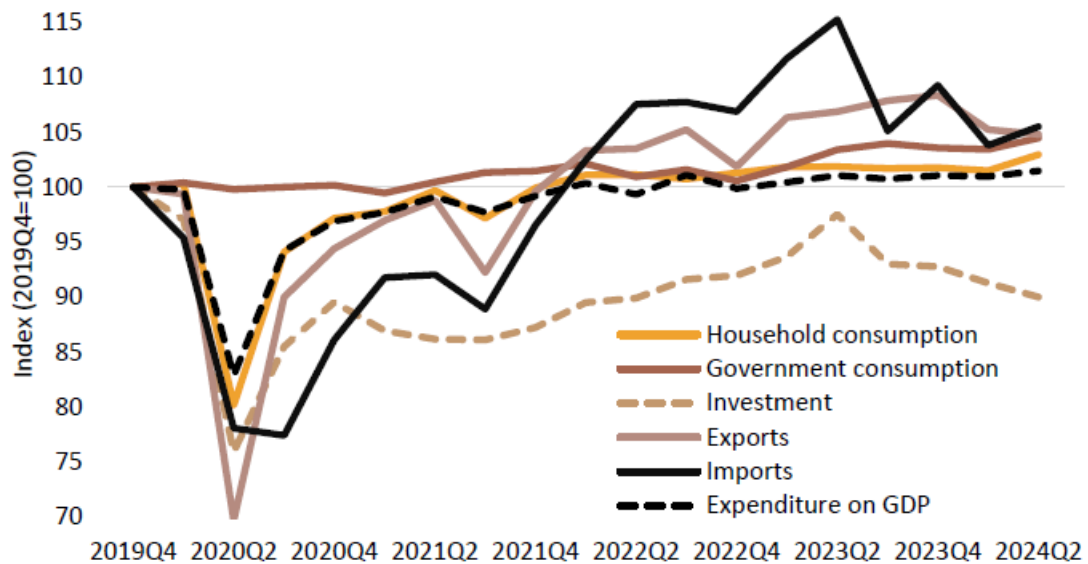
Access to capital is a critical component for the growth and sustainability of Small, Medium, and Micro Enterprises (SMMEs), particularly in developing economies. These enterprises often serve as the backbone of local economies, creating jobs and driving innovation. However, despite their importance, SMMEs face significant barriers in obtaining financing, which can stifle their growth potential and impact overall economic development (Megersa, 2020).

To enhance access to capital for SMMEs, it is essential to establish comprehensive frameworks that consider a range of influencing factors. Research shows a significant gap in sector-specific analysis; indeed, a one-size-fits-all approach does not adequately address the unique challenges faced by different industries. For example, the financing needs of a tech startup may vastly differ from those of a manufacturing business or an agricultural enterprise. As such, deeper investigations into these sector-specific dynamics are needed to understand the distinct attributes that may influence SMMEs' access to capital (Adomako & Ahsan, 2022).

This lack of granularity in research restricts our understanding of how specific sector characteristics, such as market demand, regulatory environment, seasonal fluctuations, and consumer behaviour, affect funding efficacy for SMMEs. Moreover, it is critical to consider how these factors intertwine with broader economic indicators, including business survival rates

and productivity metrics. By neglecting this detailed exploration, policymakers risk implementing strategies that may be ineffective or poorly targeted (Adomako & Ahsan, 2022).

Figure 5: South Africa expenditure



Source: Statistics SA

Consumption, which includes both household and government spending, is a key factor in boosting the overall demand in an economy. When people and families spend more on goods and services, it leads to increased sales for businesses, including small, medium, and micro enterprises (SMMEs). This can encourage them to invest more in new technologies, improve their workforce, and innovate to stay competitive. Likewise, government spending, whether through public contracts or social programs, can directly help SMMEs or stimulate the economy in general, creating more opportunities for these businesses to grow and thrive.

Investing in both public and private sectors is essential for helping small, medium, and micro-sized enterprises (SMMEs) improve their operations and embrace new, innovative ways of working. When the economy is doing well, boosted by strong consumer spending and supportive government policies, SMMEs are more likely to invest in developing their workforce and fostering innovation. These strategic moves not only make them more productive but also boost their competitiveness both locally and globally. As SMMEs innovate and train their employees, they become better equipped to handle unexpected challenges, which ultimately helps improve their long-term financial health.

Exports act as an important driver of growth by helping small and medium-sized businesses (SMMEs) reach markets beyond their own borders. When these businesses can innovate and create unique products or services, they stand a better chance of succeeding in international

markets. This not only brings in foreign currency but also helps boost the country's GDP. However, their ability to participate in export markets really depends on how innovative they are and the strength of their workforce, two factors that are key in this research.

Gross Domestic Product (GDP) measures the total value of all goods and services produced within a country. It's influenced by factors like how much people are spending, investing, and exporting. Generally, when GDP is growing, it indicates a healthy economy, which can lead to a positive cycle: higher GDP boosts consumption and investment, helping Small, Medium, and Micro Enterprises (SMMEs) thrive. However, as this research points out, just because the overall economy is doing well doesn't automatically mean SMMEs will succeed. Internal factors like innovation and workforce skills, along with how well they respond to external changes, play a crucial role. Even in a booming economy with good investment prospects, SMMEs that lack innovation, or skilled staff might not be able to make the most of these opportunities.

The success of small, medium, and micro-sized enterprises (SMMEs) really depends on how well they manage consumption, investment, exports, and overall economic growth. However, this research shows that focusing on innovation and developing a skilled workforce is just as important. Without intentional efforts to improve these areas, SMMEs might find it hard to capitalize on larger economic opportunities. This highlights the importance of tailored strategies and policies that target both external factors and internal strengths to help these businesses thrive.

Therefore, a targeted approach to fostering growth in diverse sectors is necessary. Tailoring financial instruments and support mechanisms based on sector-specific needs can facilitate better access to capital, ultimately leading to improved outcomes for SMMEs. This approach not only enhances the financial resilience of these enterprises but also contributes to sustainable economic development, making it imperative to conduct more nuanced research in this area (Adomako & Ahsan, 2022).

Even though we recognize that financial support is important, existing studies show that the connection between funding and how well SMMEs perform isn't always clear. Many researchers haven't explored the detailed ways in which funding makes a difference, like encouraging innovation or enhancing workforce skills, and how these effects can vary across different sectors. Additionally, external factors such as market fluctuations or changing regulations are often overlooked when considering how organizations manage their resources for long-term success. This leaves us with a lot to learn about how SMMEs can best use available resources to grow and thrive (Megersa, 2020)

This lack of thorough, long-term, and industry-specific analysis makes it harder for us to draw solid conclusions about how effective funding interventions really are. It also hampers the development of policies and best practices that truly target the different needs of small, medium, and micro enterprises (SMMEs). For instance, without a detailed understanding of how various industries experience financial challenges or how they respond to loans versus grants, policymakers might develop measures that do not quite fit all sectors. Additionally, by not paying enough attention to factors like managerial skills, innovation, and workforce development, we miss out on understanding many non-financial factors that are crucial for SMMEs to succeed (Elhusseiny & Crispim, 2022).

This research aims to fill some important gaps by taking a comprehensive look at both the internal factors, like innovation skills and workforce development, and the external environment to understand how ESD funds influence the performance of SMMEs. By connecting the unresolved issues from previous studies to specific research questions and hypotheses, the study creates a clear thread that links the need for detailed, evidence-based policy suggestions to the broader goal of strengthening the resilience, competitiveness, and long-term growth of these small businesses. Ultimately, it hopes to offer practical insights that can help both researchers and practitioners improve how they support and enhance the SMME sector.

2.10 Conclusion

In conclusion, while there remain several unresolved issues and complexities surrounding the effectiveness of funding and its impact on SMMEs, this study is designed to address the specific gaps highlighted in the preceding discussion. By focusing on the nuanced interplay between financial support, innovation, and workforce development, the research aims to provide much-needed clarity on how ESD funds can be most effectively utilised within diverse industry contexts. This targeted approach is justified by the clear need for evidence-based insights that can inform more tailored and impactful policy interventions, ultimately supporting the resilience and long-term growth of SMMEs. Through this endeavour, the study hopes to contribute practical solutions that directly benefit both practitioners and policymakers engaged in strengthening the SMME sector.

Table 2: Literature Gap

Literature Gap	Description	Supporting References
Funding Effects on Workforce Development	Limited analysis on how financial support mechanisms directly influence workforce skills, training, and human capital development within SMMEs.	Bushe (2019); Nakku et al. (2020)
Funding Impact on Innovation Capability	Insufficient exploration of whether and how funding enhances SMMEs' innovation capacity, including product, process, or service innovation.	Megersa (2020); Bushe (2019)
Combined Effect on Financial Performance	Scarcity of research on the simultaneous influence of funding on both innovation and workforce development, and how this combination drives financial outcomes for SMMEs.	Nakku et al. (2020); Megersa (2020)
Mediating Roles of Innovation and Workforce Development	Lack of clarity regarding the mediating effects of innovation capability and workforce development in the relationship between funding and SMME performance.	Bushe (2019); Megersa (2020)

Source: Author's own.

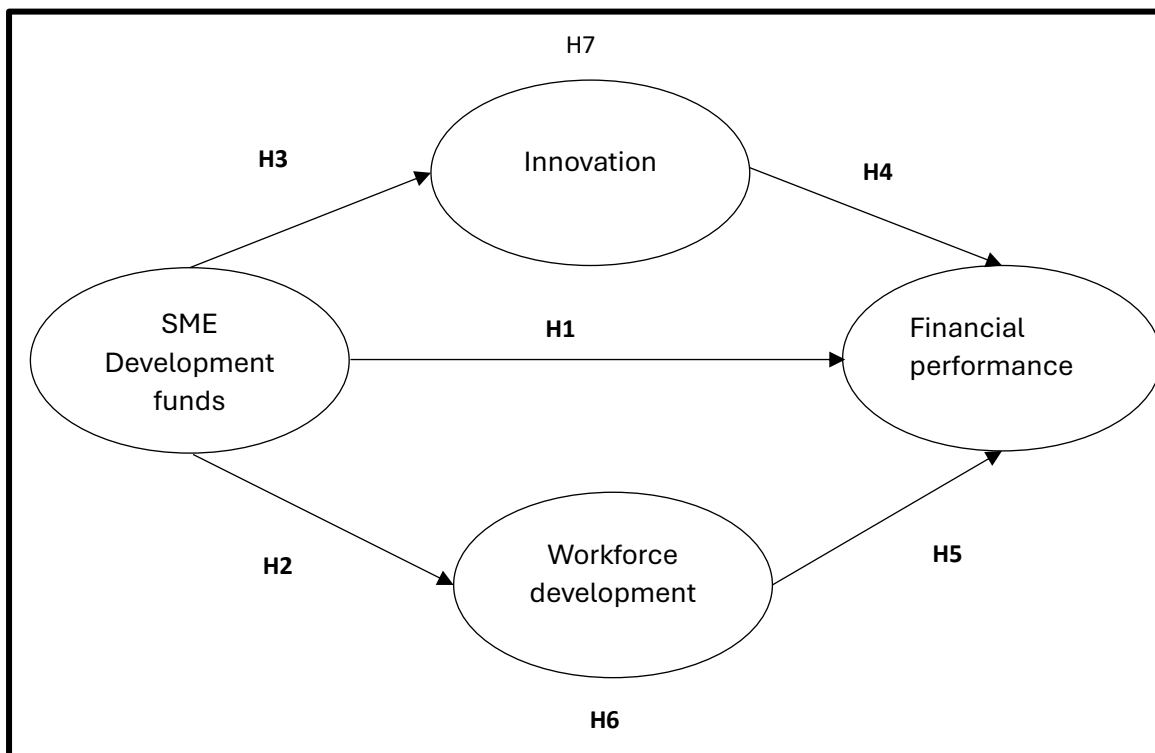
Chapter 3: Hypothesis

3.1 Introduction

The hypothesis chapter serves as a critical foundation for this research, outlining the key propositions to be empirically tested. In this section, the study articulates specific, evidence-based statements regarding the relationships among access to ESD funds, innovation capability, workforce development, and the financial performance of SMMEs. The purpose of the hypothesis section was to guide the research by clearly defining the anticipated relationships among these variables, ensuring that subsequent analyses are focused and systematic. By presenting well-structured hypotheses, this chapter provides a framework for examining the causal links and mediating effects that underpin the study, ultimately contributing to a deeper understanding of how funding mechanisms can drive growth and development within SMMEs.

3.2 Conceptual Model

Figure 6: Conceptual Model



Source: Author's own.

3.3 Detail Hypothesis

H1: There is a positive relationship between access to ESD funds and the financial performance of SMMEs.

SMMEs that secure funding often experiences significant improvements in key financial performance indicators. These improvements manifest in various forms, including increased revenue growth, improved profitability, and enhanced overall financial stability. The influx of capital allows these enterprises to strategically invest in essential resources that are crucial for scaling their operations, such as upgrading technology and optimizing their operational processes. By leveraging financial support, SMMEs can adapt to changing market conditions, innovate their offerings, and ultimately position themselves for sustainable growth in a competitive landscape. This funding can also provide a safety net, enabling them to navigate economic uncertainties with greater resilience (Guo et al., 2020).

H2: Access to ESD funds is positively associated with workforce development initiatives within SMMEs.

The hypothesis in question suggests that access to adequate funding plays a crucial role in empowering SMMEs to focus on workforce development initiatives. Specifically, this financial support allows these businesses to invest in employee training programs designed to elevate the skills of their existing staff. Moreover, it enables SMMEs to enhance their capabilities through skill enhancement opportunities that not only improve job performance but also increase employee satisfaction and retention. Additionally, with the resources provided by funding, these enterprises can recruit skilled personnel who bring valuable expertise to the team. Ultimately, by fostering a more capable and flexible workforce, SMMEs position themselves to meet the evolving demands of the industry more effectively, contributing to their overall growth and sustainability in a competitive market (Brixiová et al., 2020)

H3: There is a positive relationship between access to ESD funds and the Innovation initiatives of SMMEs

Hypothesis 3 suggests that there is a positive relationship between access to ESD funds and the innovation initiatives of SMMEs. This means that when SMMEs receive ESD funding, they are better positioned to invest in innovative activities such as research and development, new product development, and the adoption of new technologies. The availability of financial resources enables these businesses to pursue creative strategies and implement solutions that drive growth and competitiveness. The underlying rationale is that funding reduces financial constraints, thus empowering SMMEs to experiment, take calculated risks, and

respond more effectively to market changes through innovation. This hypothesis aligns with the broader literature, which suggests that financial support is a key enabler for innovation capability within small and medium-sized enterprises (Rogers, 2003).

H4: There is a positive relationship between the innovation initiatives of SMMEs and their financial performance

Hypothesis 4 suggests that there is a positive relationship between the innovation initiatives undertaken by SMMEs and their financial performance. This means that when SMMEs actively engage in innovation, such as developing new products, adopting advanced technologies, or improving business processes, they are more likely to experience improvements in financial metrics like revenue growth, profitability, and overall financial stability. The rationale behind this hypothesis is that innovation enables SMMEs to differentiate themselves in the marketplace, respond more effectively to changing customer needs, and seize new business opportunities, all of which contribute to enhanced financial outcomes. This connection is supported by the broader literature, which consistently highlights the role of innovation as a key driver of competitive advantage and financial success for small and medium-sized enterprises (El Chaarani et al., 2022).

H5: There is a positive relationship between workforce development initiatives of SMMEs and the financial performance of SMMEs

Hypothesis 5 suggests that there is a positive relationship between workforce development initiatives of SMMEs and their financial performance. In other words, when SMMEs invest in workforce development, such as training programmes, upskilling current employees, and recruiting individuals with specialised skills, they are more likely to see improvements in key financial indicators. These improvements may include increased revenue growth, enhanced profitability, and greater overall financial stability. The rationale is that a well-trained and skilled workforce can drive productivity, and improve operational efficiency, all of which contribute to superior financial outcomes. This relationship is supported by literature that highlights how workforce development initiatives not only boost employee performance and satisfaction but also enable SMMEs to adapt to industry changes and remain competitive in the market (Yakob et al., 2021).

H6: Workforce development plays the role of a partial mediator to SMME funding and financial performance.

Hypothesis 6 proposes that workforce development serves as a partial mediator in the relationship between access to ESD funds and the financial performance of SMMEs. In other words, when SMMEs receive funding, part of the positive effect on their financial performance

occurs because the funding enables them to invest in workforce development initiatives, such as employee training, upskilling, and recruitment of skilled personnel. These workforce enhancements, in turn, contribute to improved financial outcomes. However, the mediation is partial, meaning that while workforce development explains some of the link between funding and financial performance, other direct effects of funding, such as investments in technology or operational processes, also play a role. This hypothesis aligns with existing literature, which highlights the importance of workforce development in boosting productivity, efficiency, and adaptability, all of which ultimately support financial growth (Chinyamurindi et al., 2021).

H7: Innovation capability mediates the relationship between access to ESD funds and the financial performance of SMMEs

Hypothesis 7 suggests that innovation capability acts as a mediator in the relationship between access to ESD funds and the financial performance of SMMEs. This means that when SMMEs gain access to ESD funding, it enables them to invest in innovative activities such as research and development, new product creation, and the adoption of new technologies. These innovation initiatives, in turn, improve the financial outcomes of the enterprises, such as revenue growth and profitability. The mediating role of innovation capability indicates that part of the positive impact of funding on financial performance occurs because the funding allows SMMEs to become more innovative, which then drives their financial success. This hypothesis is supported by the innovation theory, which highlights how financial resources empower firms to implement creative solutions and improve competitiveness. The innovation theory can help examine the relationship between funding availability and the capacity of SMMEs to create and implement innovative solutions (Matekenya & Moyo, 2022).

Chapter 4: Methodology Choice of research design

4.1 Introduction

A quantitative approach systematically assessed the factors associated with ESD funds, financial outcomes, innovation capability, and workforce development. By examining numerical data, this study revealed the extent of these influences, enabling straightforward comparisons and evaluations of the connections among different variables. For example, financial outcomes were evaluated through metrics such as revenue growth, profit margins, or return on investment (ROI), while workforce development was measured using indicators like training hours or employee skill levels, utilising relevant surveys that were conducted (Saunders & Lewis, 2018).

This study utilised quantitative methods to analyse existing data, thereby maximising datasets efficiently while conserving time and resources. By applying quantitative secondary data analysis (SDA), researchers addressed new questions, used larger samples, and ensured greater statistical accuracy without the need for additional data collection. A robust system for data sharing and storage enhanced clarity and reliability in secondary analyses. These factors made quantitative methods a preferable choice over qualitative SDA, which often encountered more ethical challenges (Ruggiano & Perry, 2019).

Applying quantitative methods allowed for the testing of hypotheses and the generalisation of results across broader contexts, which was crucial for informing policy development. Additionally, positivism supported predictive analysis, enabling stakeholders to anticipate outcomes related to enterprise funding and make better investment decisions in a structured approach, emphasising replicability and minimising subjectivity (Joullie & Gould, 2023; Saunders & Lewis, 2018).

4.2 Purpose of research design

A descriptive and explanatory research design was particularly appropriate for this study because it effectively merged descriptive statistics with explanatory analysis (Saunders & Lewis, 2018). The descriptive component provided a thorough depiction of the then-current landscape of SMMEs, focusing on their access to ESD funding, workforce development programmes, and financial performance indicators. Descriptive research was crucial for clearly depicting the phenomenon being studied, which was especially beneficial for this quantitative research aiming to establish an initial understanding of its variables (Roberts-Lombard & Petzer, 2018).

The explanatory component enabled an investigation into the relationships among the variables. It specifically allowed this research to analyse how funding influenced financial performance, innovation and workforce growth while also considering other control factors

such as the age and size of the firm. According to Saunders & Lewis (2018), explanatory research aimed to explain the reasons behind various phenomena, thereby offering a more profound understanding of the causal links between variables.

4.3 Research Philosophy

As noted in Zyphur & Pierides (2020), Positivism is a philosophical perspective that emphasises knowledge acquisition through empirical evidence derived from observable social realities. This approach was particularly relevant to examining how ESD funds affected the financial performance and workforce development of SMMEs in the IT sector. By focusing on empirical data, the research gathered quantitative metrics that offered solid proof regarding the impacts of funding, thereby ensuring objectivity and minimising bias in the findings (Denscombe, 2021).

Positivism is described as a philosophy that assumes reality exists independently and can be fully apprehended and measured through empirical observation using quantitative data. Positivist researchers primarily rely on deductive logic and test hypotheses statistically, aiming to develop causally adequate theories based on observable, measurable, and generalizable regularities (Saxena, 2019).

The methodological choices outlined above, emphasising a quantitative, positivist approach supported by descriptive and explanatory research design, provided a solid foundation for this study. According to Park et al. (2020), systematically collecting and analysing empirical data through a structured survey ensures objectivity, replicability, and statistical rigour in examining the impact of ESD funding on SMMEs' financial outcomes, innovation, and workforce development. This approach not only strengthened the validity and generalisability of the findings but also enhanced their relevance for policy makers and practitioners seeking evidence-based strategies to support SMMEs. Ultimately, these methodological decisions meant that the study was well-positioned to generate robust insights, inform policy development, and contribute meaningfully to both academic discourse and practical enterprise development (Thomas & Zubkov, 2023).

4.4 Research Approach

This research followed a deductive approach, which began with existing theories and hypotheses as outlined earlier in this research, which were subsequently tested through empirical research. In the context of SMMEs, this research applied established theories of funding and performance. Hypotheses were formulated regarding how ESD funds impacted financial performance innovation and workforce development, and data were methodically gathered and analysed to confirm or refute these hypotheses. This approach provided a

structured pathway for investigation, and it aligned with the positivist philosophy by emphasising objective verification of theories (Saunders & Lewis, 2018).

4.5 Mono Method

This research adopted a mono method approach, specifically employing quantitative surveys to streamline the data collection process. By relying on a single technique for gathering data, the study ensured simplicity, efficiency, and a focused approach that aligned with hypothesis testing and the measurement of variables. The use of quantitative surveys enabled the research to objectively assess social phenomena and examine cause-and-effect relationships. This approach provided accurate, reliable, and cost-effective data suitable for statistical analysis. Consequently, the mono method proved to be well-suited for this quantitative study, as it facilitated clear, consistent, and manageable data collection in accordance with the positivist paradigm's emphasis on measurement and generalisability (Al-Ababneh, 2020, p. 14).

4.6 Research Strategy

This research used surveys to gather data, recognising that numerous studies had previously analysed several of the aspects explored in this research in a similar manner. The survey proved effective in capturing perceptions, thereby offering insights into the interactions between SMMEs and enterprise funding. The Survey was designed with fixed-response options, which facilitated quick analysis and allowed for comparisons across different enterprises. This quantitative approach not only identified the existence of relationships but also evaluated their strength, which was crucial for comprehending how funding mechanisms influenced business performance (Saunders & Lewis 2018).

This study used a survey run through Google Forms to collect data, aligning with positivistic frameworks and deductive reasoning. This enabled the research to analyse the relationship between ESD funding and workforce development as well as innovation capability and financial performance. By using a survey, the study was able to efficiently collect quantitative data, thereby enabling statistical analyses crucial for hypothesis testing and for exploring relationships among variables (Stockemer et al., 2019).

As an essential positivist approach, the survey facilitated the evaluation of social phenomena through an organised questionnaire method. The deductive framework of this research centred on validating theories derived from the existing body of knowledge, thereby enhancing the survey's potential to quantify variables and scrutinise their interconnections via both descriptive and inferential statistical techniques (Al-Ababneh, 2020).

This research used surveys, which were advantageous for quantitative research because they gathered standardised data from many respondents (131 respondents in total), facilitating the

statistical analysis necessary for hypothesis testing (Bryman, 2016). This method allowed for the efficient collection of information regarding funding sources, financial outcomes, and workforce levels among SMMEs, innovation activities, which were essential for identifying patterns and relationships (Saunders & Lewis, 2018).

4.7 Cross-Sectional Time Horizon

A cross-sectional time horizon allowed this research to gather data at a single point in time. This was particularly relevant given that this research focused on the current impacts of ESD funds on SMMEs. It enabled it to capture the immediate effects and operational dynamics without the complications of longitudinal studies (Kumar et al., 2019).

Cross-sectional studies were particularly advantageous for this research on SMMEs for several reasons. Firstly, it was less costly and not time-consuming compared to longitudinal studies. This characteristic allowed this research to gather data quickly, which was essential when addressing the dynamic and evolving landscape of SMMEs. By focusing on a specific point in time, cross-sectional studies provided immediate insights into the current conditions and performance outcomes of SMMEs, facilitating timely decision-making and informed policy formulation (Kumar et al., 2019).

In a context where SMMEs play a crucial role in economic development and employment generation, utilising a cross-sectional time horizon enabled this research to collect relevant data efficiently, ensuring that the findings were both actionable and contextually relevant. Therefore, the decision to adopt this method for the research was justified, as it aligned well with the need for rapid analysis in a field where timely insights were increasingly critical. (Saunders & Lewis, 2018).

4.8 Scalability and Generalizability

Scalability and replicability were crucial in this quantitative research related to SMMEs and ESD funding. Scalability refers to the ability of methodologies to handle larger datasets and broader populations while maintaining valid outcomes. Replicability refers to the consistency of research results when studies are repeated under similar or varying conditions, reflecting the reliability of the findings. Generalizability related to how applicable results were across different contexts in SMMEs and ESD (Dehkordi et al, 2024).

In this research, scalability and replicability were operationalised through the use of structured surveys and a cross-sectional time horizon, which enabled the collection of standardised, quantitative data from a relatively large and diverse group of SMME respondents. By employing fixed-response options within the survey and distributing it via Google Forms, the study ensured that its methodology could accommodate an increased number of participants without compromising the consistency or validity of the results. This approach not only

facilitated efficient data collection and analysis but also allowed the methodology to be readily applied to other samples or settings within the SMME sector, thereby enhancing scalability (Long, 2021).

Replicability was ensured by clearly defining the research process, including the survey structure, sampling method, and data analysis techniques. The use of established frameworks (such as positivistic and deductive reasoning) and reference to existing literature further supported the reliability of the findings. Should another researcher apply the same methodology to a different group of SMMEs or in a different context, the study design would enable similar procedures and, potentially, comparable results, thus demonstrating replicability (Tuval-Mashiach, 2021).

Generalizability was addressed by selecting a broad population of SMMEs from various sectors and geographic locations. By gathering data from enterprises at different stages of maturity and across different industries, the research aimed to ensure that its findings could be relevant and applicable to a wider context within the SMME landscape. This approach enabled the study to inform policymakers, investors, and other stakeholders about the potential impacts of ESD funding across the broader SMME ecosystem (Ballester & Penner, 2022).

The use of a survey at a cross-sectional level allowed for scalability in data collection while providing the potential for generalizability of findings across the SMME sector. This is important in informing stakeholders, such as policymakers and investors, about the efficacy of funding programs in various contexts, facilitating the application of findings to broader populations. The quantitative data obtained can provide a clearer picture of trends that may inform future initiatives to support SMMEs (Saunders & Lewis, 2018).

4.9 Population

The study's population included Small, Medium, and Micro Enterprises (SMMEs) across all sectors of the economy. According to data from Stats SA, SMMEs are vital to South Africa's economy, constituting about 90% of registered businesses and offering employment to approximately 60% of the workforce, contributing around 34% to the overall economy. This sector was selected for its rapid growth and importance in innovation and economic development. The study population will cover SMMEs from different geographical areas and various stages of business maturity to capture a range of perspectives on the effects of ESD funds (Stats SA, 2022).

4.10 Unit of Analysis

According to Kumar (2018), the effectiveness of a research study is largely contingent upon how well the unit of analysis is defined, which should align with the specific characteristics of

the study. In this case, the unit of analysis focused on SMMEs, with the research adopting a meso-level perspective. To obtain a comprehensive understanding of the financial performance and workforce development within these organisations, data was collected from crucial representatives, including business owners, executives, management and financial managers. This approach ensured that insights are directly correlated to the funding these enterprises receive, enabling a deeper exploration of how financial support impacted their growth, employee development and innovation (Saunders & Lewis, 2018).

4.11 Sampling Method and Size

This research used a non-probability sampling approach, which allowed for the inclusion of a wide array of organisations across different industries, such as healthcare, finance, education, and manufacturing. This method facilitated access to a broader representation of SMMEs, encompassing a variety of business types and operational contexts (Saunders & Lewis, 2018).

The use of non-probability sampling was suitable due to the exploratory nature and practical constraints of the study. Non-probability sampling techniques, such as purposive or quota sampling, allowed the research to deliberately select SMMEs that have direct experience with these funds, ensuring relevant and rich data collection. This approach was useful because the target population was not easily accessible, or when a sampling frame was unavailable, which were common challenges in small and medium enterprise research contexts (Rahman, 2023).

Moreover, non-probability sampling facilitated timely and cost-effective data collection, enabling the research to focus on specific subgroups critical to understanding the nuanced impacts on financial performance, innovation and workforce outcomes. Employing appropriate non-probability sampling methods alongside careful sample size determination helped the research to efficiently and effectively address study objectives, especially in this survey research focused on specialised populations (Rahman, 2023).

4.12 Measurement Instrument

The measurement instrument used was a structured survey designed to assess the impact of funding on SMME performance quantitatively. In order to operationalise the key variables of this study, several aspects must be defined (Seeber, 2020).

Independent variable:

1. Funding: This variable will be measured based on both the amount of financial aid received and the type of funding sources (e.g., government grants, private investments, loans).

Indicators: Amount of ESD funds received, number of funding sources, frequency of funding.

Example: Collected data on total ESD funding granted to each SMME annually (in ZAR), and the number of funding applications approved.

Source for Likert scale sampled:

Ahinfu, G. S., Boakye, J. D., & Osei Bempah, N. D. (2023). Determinants of SMEs' financial performance: evidence from an emerging economy. *Journal of Small Business & Entrepreneurship*, 35(3), 362-386.

This study used a 5-point Likert scale with a value of 0.6 or above applied for Cronbach's Alpha.

Dependent variable

2. Performance: Performance indicators for SMMEs included metrics such as revenue growth, market reach, employment rates, and profitability. These indicators will help in quantifying the overall success of the enterprises in relation to the funding received.

Indicators: Annual revenue growth rate, net profit margin, return on assets (ROA), and cash flow stability.

Example: Calculate the year-on-year percentage increase in revenue for each SMME; assess average net profit as a percentage of total sales annually.

Source for Likert scale sampled:

Yakob, S., Yakob, R., BAM, H. S., & Rusli, R. Z. A. (2021). Financial literacy and financial performance of small and medium-sized enterprises. *The South East Asian Journal of Management*, 15(1), 5.

This study used a 6-point Likert scale with a value of 0.6 or above applied for Cronbach's Alpha.

Mediators:

4. Workforce Development: This variable was assessed in terms of the training and development programs implemented for employees. Key metrics included employee skill enhancement, retention rates, and the ability to attract new talent, which contribute to the overall growth and adaptability of the SMMEs.

Indicators: Number of training hours per employee, employee retention rates, number of skilled personnel hired.

Example: Measure the average number of hours employees spent in training; record staff turnover rates quarterly.

5. Innovation: This aspect focused on the extent to which enterprises engaged in research and development activities. Indicators included the number of new products or services introduced, the investment in technological advancements, and collaborations with external partners that foster innovation. These efforts are critical for the sustainability and competitive edge of SMMEs in an evolving market.

Indicators: R&D expenditure, number of new products/services launched, the adoption rate of new technologies.

Example: Use questionnaires such as “How many new products have you launched in the past year?” or “What percentage of annual turnover is spent on R&D?”

Source for Likert scale sampled:

Hindasah, L., & Nuryakin, N. (2020). The relationship between organizational capability, organizational learning and financial performance. *The Journal of Asian Finance, Economics and Business*, 7(8), 625-633.

RATNAWATI, K., & SOELTON, M. (2022, December). The Role Of Digital Financial Literacy On Firm Performance In Micro Industry. In *ICCD* (Vol. 4, No. 1, pp. 95-101).

These studies used a 5-point Likert scale with a value of 0.6 or above applied for Cronbach's Alpha.

Control variable:

3. Timeframe: The impact of funding was assessed over a specified period, which was clearly defined (e.g., quarterly or annually) to ensure understanding of long-term vs. short-term effects.

The survey itself consisted of closed-ended questions rated on a Likert scale (1 to 5) for ease of analysis. The instrument covered demographics, funding sources, financial performance indicators (e.g., revenue growth, profit margins), and workforce metrics (e.g., employee retention, skill development).

4.13: Data Gathering Process

The data gathering process, was done through online surveys using Google Forms and played a pivotal role in conducting quantitative research on this topic. By utilising the Google Forms platform, this research efficiently collected standardised data from a diverse group of participants across different SMMEs. This method ensured that the responses were easily quantifiable and allowed for robust statistical analysis that revealed trends, correlations, and potential causal relationships relevant to the research question (Al-Ababneh, 2020).

Pilot testing was conducted initially to refine the questions, ensure clarity, and maintain relevance. However, the integration of secondary data was crucial in enriching the overall study and supporting the validity of the conclusions drawn. Refinements were made to ensure that the survey encompassed all industries, broadening the scope for a more comprehensive analysis. Additionally, firm size was incorporated as a variable to enable accurate categorisation of responses, facilitating deeper insights and enabling in-depth analysis across different segments of SMMEs (Kishore et al., 2018).

Engagements were carried out with selected SMMEs through the Finance Indaba professional network, and the survey was distributed in that network using a QR code and on social media using a link to the Google Forms platform. The Indaba networking event enhanced the study's relevance as it allowed this research to connect with key stakeholders within the industry. This initial outreach was crucial, as it not only explained the study's purpose but also built trust and encouraged participation, thereby obtaining valuable data that resonated with the target demographic (Saxena, 2019).

In addition to the distribution through the Finance Indaba network and social media, the survey was strategically sent to SMMEs listed on the official government database, ensuring a representative sample from recognised enterprises. Further outreach included SMMEs from my own internal work database, specifically those that had received ESD funds from The Telkom Group. This approach was also extended to engaging peers, past companies I have worked for, and suppliers within our organisational database, broadening the diversity of respondents and enhancing the robustness of the dataset. Leveraging these multiple channels allowed for a more comprehensive collection of perspectives and experiences relevant to the study's objectives (Taherdoost, 2022).

Furthermore, the follow-up reminders served to improve response rates, ensuring that the collected data was representative of the broader population of SMMEs. High response rates were essential in this quantitative research to validate findings and support the generalizability of the results. In summary, this systematic data gathering process was integral to ensuring the research's validity, reliability, and overall impact on understanding the quantitative aspects of the studied topic. (Saunders & Lewis, 2018).

To further safeguard the integrity and confidentiality of the collected data, all survey responses and related documents were securely stored on a password-protected cloud drive. This measure ensured that only authorised members of the research team have access to sensitive information, reinforcing best practices in data management and maintaining participant trust throughout the research process (HWANG, 2023).

4.14 Analysis Approach

Data preparation was a critical initial step in the evaluation process, ensuring that the dataset was clean, organised, and ready for analysis. This involved checking for missing values, outliers using the Mahalanobis distances, and ensuring consistency in data formatting. Once prepared, descriptive statistics were applied to summarise the dataset, providing insights on key measures such as the mean, median, mode, and standard deviation. To establish reliability, we assessed the internal consistency of the data, often utilising Cronbach's alpha (Saunders & Lewis, 2018).

Factor analysis was then run and used to identify underlying relationships between variables, which allowed this research to reduce the dimensionality of the data and simplify the analysis. For hypothesis testing, inferential statistics were utilised to determine the significance of the results, while correlation analysis explored the strength and direction of the relationships between variables (Saunders & Lewis, 2018).

Regression analysis served as a pivotal technique in predicting outcomes and understanding the impact of independent variables on dependent variables, including the use of regression formulas for moderation. The assumptions of regression analysis, including linearity, independence, homoscedasticity, and normality of errors, were carefully considered. Furthermore, ANOVA was applied within the regression framework to assess the variance explained by the model. Overall, this systematic approach deepened our understanding of the data and provided robust insights into how funding strategies influenced performance metrics (Saunders & Lewis, 2018).

4.15 Quality Controls

In order to maintain superior data quality as noted in Sureshchandar (2023), several effective strategies were adopted, including conducting a pilot study on a limited sample to identify and address any issues with the survey tool. The research incorporated checks for response completion and consistency. Additionally, the importance of confidentiality and anonymity was emphasised, reassuring participants that their information would remain private, which was crucial for encouraging candid and sincere feedback. Moreover, the reliability of the survey was assessed using Cronbach's alpha, ensuring that the measurement tool was valid and dependable for gathering accurate data (Saunders & Lewis, 2018).

Additionally, the Average Variance Extracted (AVE) was calculated for each construct as part of the quality control measures. AVE is a key indicator of convergent validity, measuring the proportion of variance captured by a construct relative to the variance due to measurement error. By ensuring that the AVE values exceeded the commonly accepted threshold of 0.5, we

confirmed that the survey items reliably represented their underlying factors, thus strengthening the validity and interpretability of the study's findings (Cheung et al., 2024).

4.16 Limitations

The study identified several limitations related to the data that had been collected. Firstly, the use of self-reported data may have introduced response bias, as respondents could have exaggerated the positive outcomes associated with funding. Although purposive sampling was employed to ensure diversity and relevance, certain sectors within the SMME population might still have been underrepresented. Additionally, the findings reflected a specific point in time and did not capture potential long-term impacts or trends that funding might influence. The external validity of the results was constrained, as they might not have been applicable beyond the sectors covered in the research or the particular geographical areas examined (Saunders & Lewis, 2018).

Another noteworthy limitation of this study is the potential for measurement error due to the reliance on self-administered questionnaires. Respondents may have misunderstood certain survey items or interpreted them differently, which could affect the accuracy and consistency of the data collected. Furthermore, the use of electronic data collection methods may have excluded participants with limited access to technology or those less comfortable with digital platforms, thereby introducing a possible selection bias in the sample (Zimmerman, 2024).

Additionally, as noted in Taherdoost (2021), the data gathering process was constrained by time and resource limitations, restricting the ability to conduct follow-up interviews or qualitative checks that might have provided deeper insights into the observed quantitative trends. These constraints may have limited the richness of the data and the ability to triangulate findings, which is important for validating and contextualising quantitative results in studies of this nature.

The cross-sectional nature of the study design was another significant drawback, as noted in Taris et al. (2021), which explains that this method inherently limits the capacity to analyse changes and causal relationships that develop over time, even though the research provided a snapshot of the current situation. A longitudinal framework would have offered a more thorough and nuanced evaluation, especially given the research's particular interest in workforce development and innovation, where development, skill acquisition, and transformative outcomes were often achieved only through prolonged observation. Because of this, even though the results highlighted the direct links between ESD funding and SMME outcomes, they might not have adequately accounted for the progressive effects or emerging trends that were essential to comprehending how these tactics supported continuous innovation and workforce advancement (Cvetkovic-Vega et al., 2021).

Chapter 5: Research Findings

5.1 Introduction

This chapter shares the key findings from a detailed quantitative study that examined how various indicators of innovation and workforce development relate to financial performance in small, medium, and micro-sized enterprises (SMMEs). The research focused particularly on understanding how funding from Enterprise and Supplier Development (ESD) initiatives influences these relationships. To gather the necessary data, a carefully designed questionnaire included in the appendix was distributed to a diverse and representative sample of SMMEs.

This approach enabled us to gather comprehensive information on their innovation capabilities, workforce development efforts, and financial results. In the following sections, I will explain the results obtained from various statistical techniques, including regression analysis and mediation models. These findings provide important empirical evidence that either supports or challenges the hypotheses outlined earlier in this study, helping to deepen our understanding of the dynamics at play within this vital sector of the economy.

5.2 Data Analysis Approach Followed

To get reliable and meaningful results, this report analysed the data from 130 SMMEs in several carefully planned steps. First, all responses were reviewed to ensure they were complete and accurate, addressing any missing or outlier data either by imputing values or removing those responses when necessary. Next, a calculation of descriptive statistics, like averages, standard deviations, and frequency distributions, was done to better understand the main features of our sample and the key variables we were studying.

In this study, the consistency of the measurement scales was first checked using Cronbach's alpha to ensure the reliability of the questionnaire. Then, statistical methods to test the hypotheses were used. Specifically, multiple regression analysis to explore how innovation capability, workforce development efforts, and access to ESD funds directly influence financial performance was performed. To gain a deeper understanding of these relationships, mediation analysis with bootstrapping techniques to evaluate whether indirect effects play a significant role was also conducted.

All of the analyses were carried out using SPSS, making sure to follow standard practices in quantitative research. The findings were interpreted in light of the research questions and theoretical framework, paying particular attention to how ESD funding might influence the connection between innovation, workforce development, and financial results. This thorough approach gave strong empirical evidence to support the expected relationships within the context of South African SMMEs.

5.3 Sample descriptive statistics

This section offers a more relatable and detailed look at the demographic and organizational profiles of the respondents who took part in the ESD Funds SMME Survey. The aim here is to give a clearer picture of who the participants are, both on an individual level and as representative entities, so that the findings of this study can be better understood within the right context. These represent all the participants who met our criteria and completed every key part of the survey, ensuring the data's reliability. The survey was first distributed on August 27, 2025, and closed on September 16, allowing ample time for participants to reflect and provide thoughtful, accurate answers. This careful planning helped gather a comprehensive, high-quality dataset, setting a strong foundation for the detailed analysis that follows.

5.3.1 Sample Size and General Information

A total of 131 valid responses were collected for this study, with no missing data in any of the key variables examined. This complete and robust dataset provides a strong foundation, ensuring that subsequent analyses will be thorough and reliable. Having a comprehensive set of responses allows for more accurate insights and ensures that the results are representative of the overall population being studied.

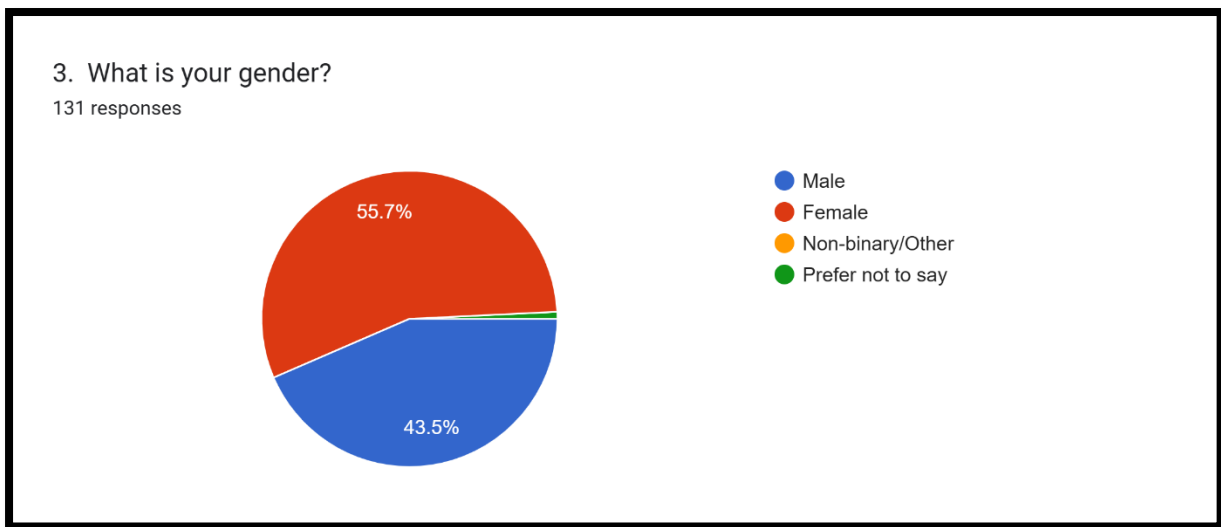
5.3.2 Demographic Profile of Respondents

The gender distribution among the respondents reveals a slight majority of females, who make up 55.7% of the group. Males account for 43.5%, while a small fraction, 0.8%, chose not to disclose their gender.

When it comes to age groups, most respondents are between 35 and 44 years old, representing 48.9% of the sample. The next largest group consists of those aged 25 to 34, making up 23.7%. Participants aged 45 to 54 years old comprise 17.6%, and individuals 55 years or older represent 9.9% of the total respondents.

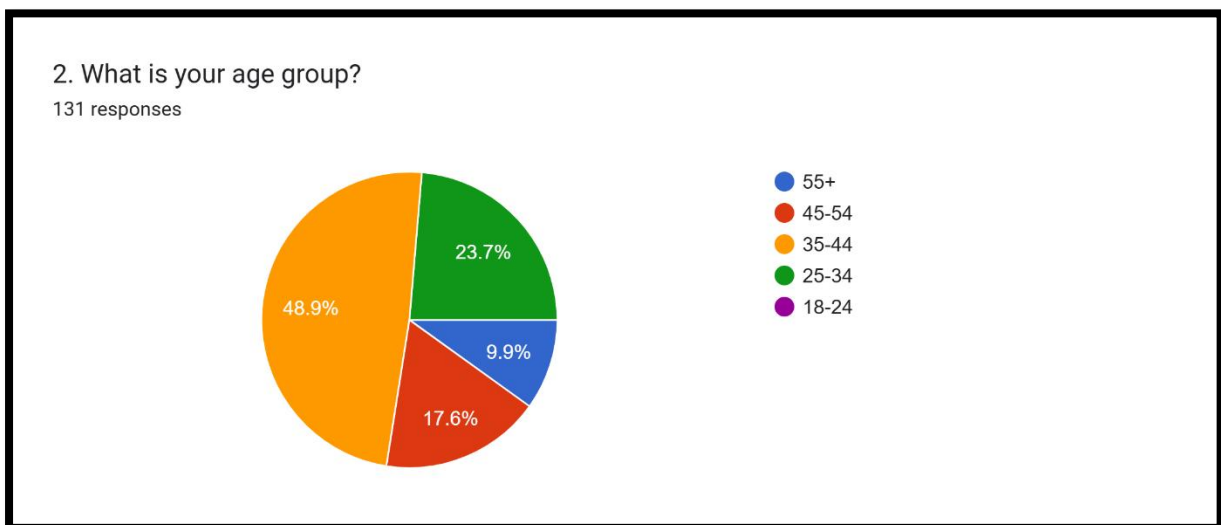
Overall, the data shows a diverse mix of ages and gender, with a noticeable leaning towards middle-aged adults and a majority of female participants.

Figure 7: Gender demographics.



Source: Author's own.

Figure 8: Age demographics



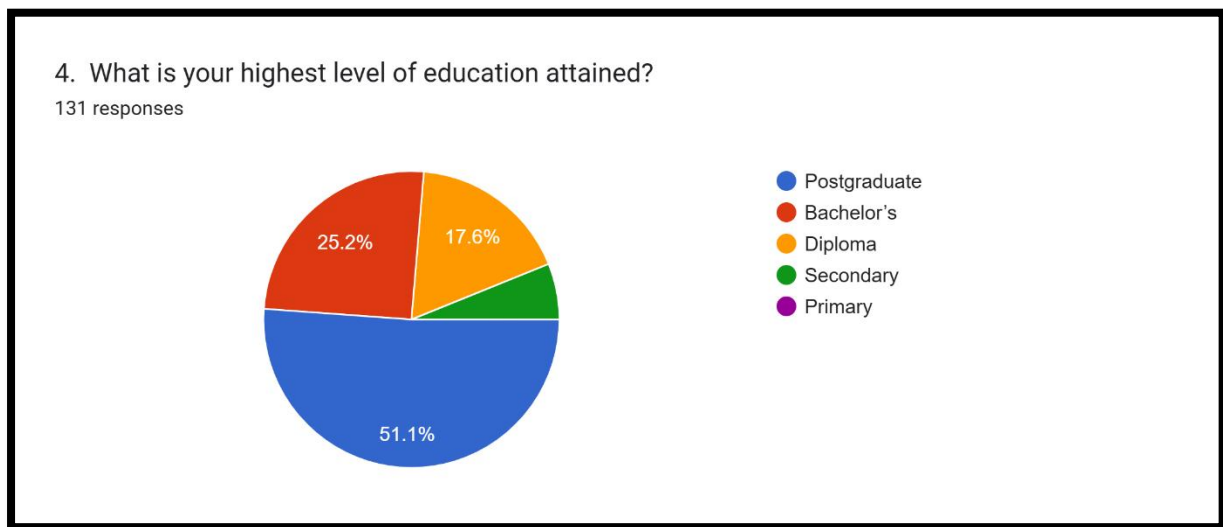
Source: Author's own.

5.3.3 Educational Attainment

The educational achievements of the individuals in the sample are quite high, with over half (51.1%) possessing postgraduate degrees. Additionally, 25.2% of them hold bachelor's degrees, while 17.6% have diplomas. A smaller portion, 6.1%, completed secondary education as their highest qualification. This suggests that the leaders and managers of small, medium, and micro enterprises (SMMEs) included in the survey are generally highly educated. The

sample was deliberately selected to include those in senior positions within their organizations, requiring at least an undergraduate degree. This careful selection process ensured that respondents not only had strong academic credentials but also occupied roles where their opinions and experiences would be especially relevant to discussions around innovation, workforce development, and financial performance. Consequently, the insights gained from this group are likely to reflect the perspectives of well-qualified decision-makers who are actively shaping their businesses in the SMME sector.

Figure 9: Education descriptive statistics.



Source: Author's own.

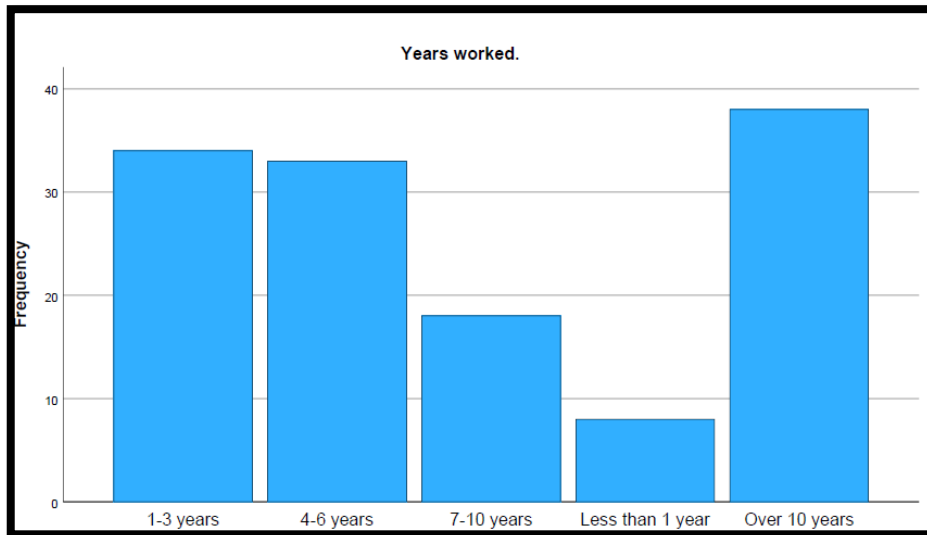
5.3.4 Work Experience

The respondents' work experience varied quite a bit. About 29% had been in the field for more than ten years, indicating a solid presence of seasoned professionals. Those with 1 to 3 years of experience made up around 26%, representing newer entrants who are still gaining familiarity with the sector. Additionally, 25.2% had between four and six years of experience, while 13.7% had worked in the field for seven to ten years. A smaller segment, 6.1%, had less than a year of experience.

This diverse mix of experience levels is important for the overall research. It provides a broader perspective, capturing insights from both highly experienced individuals and those relatively new to the field. Such a range allows the study to better understand how different levels of expertise impact the outcomes being examined. Experienced professionals often bring unique perspectives, insights, and practices that newer entrants may not yet have developed, adding depth to the data.

Having this variety in experience helps make the research findings more reliable and relevant across different groups. It ensures that the conclusions are not limited to only one segment of the workforce but are applicable more broadly, improving the overall validity and usefulness of the study.

Figure 10: Years worked descriptive statistics.



Source: Author's own.

5.3.5 Position Within the Enterprise

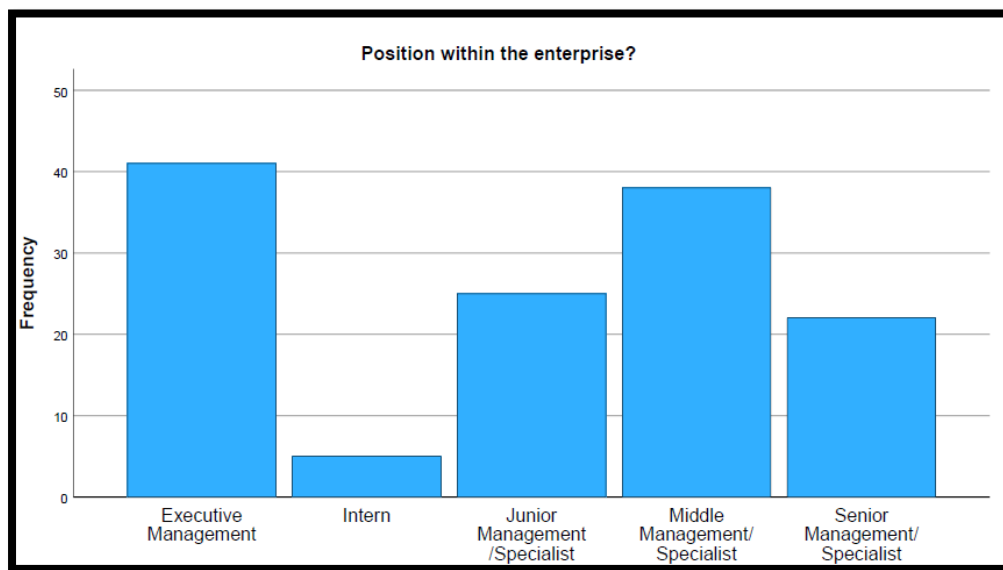
This distribution highlights that the majority of respondents occupy management or specialist roles, with a particularly strong representation from executive and middle management. The distribution of respondents by position within the enterprise shows that 31.3% are in executive management, 29.0% occupy middle management or specialist roles, 19.1% are junior managers or specialists, 16.8% serve as senior managers or specialists, and 3.8% are interns. This indicates that a significant proportion of participants hold managerial or specialist positions, with a notable concentration in executive and middle management roles.

The relevance of these positions to the research is considerable. By focusing on individuals in management and specialist roles, the study ensures that the responses are informed by those who have direct influence over organisational strategies, decision-making, and operational execution within small, medium, and micro enterprises (SMMEs). These roles are typically responsible for implementing and overseeing innovative practices, workforce development, and financial performance, which are key areas of interest in this study.

The survey's focus on collecting input from managers at all levels helps create a well-rounded picture of different perspectives and experiences throughout the organization. By including

insights from top executives as well as middle and junior managers, the survey ensures that the findings are more accurate and relevant to various parts of the organization. This comprehensive approach allows us to see how leadership and management styles impact the outcomes we're studying in the SMME sector. Overall, the results provide valuable insights that can help us better understand the complex dynamics at play, ultimately guiding more informed decision-making and strategies for growth and development across small and medium-sized enterprises.

Figure 11: Position in organisation descriptive statistics



Source: Author's own.

5.3.6 Enterprise Profile

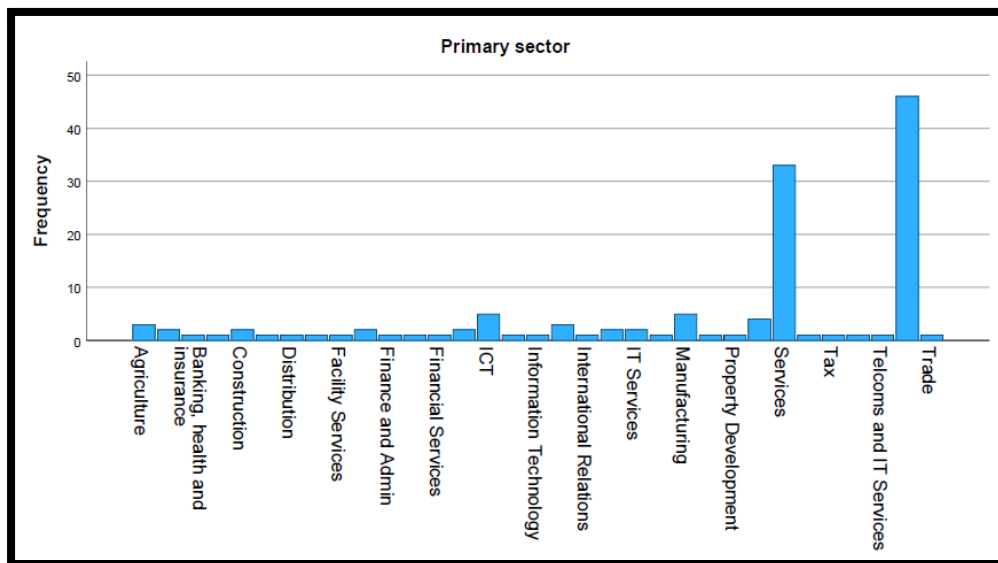
The survey sample comprises predominantly established enterprises, with nearly half (48.1%) operating for 20 years or more, and a further 18.3% existing between 11 and 20 years. This substantial longevity indicates a mature business landscape, providing a robust foundation for examining the drivers of performance among small, medium, and micro enterprises (SMMEs). Most of these organisations are structured as private companies (78.6%), and a significant majority are privately owned (39.7%) or form part of larger corporate groups (22.9%). The concentration of privately held enterprises ensures that the survey captures perspectives relevant to owner-managed and closely held business environments, which are often at the forefront of innovation and responsive decision-making.

Sectoral representation within the sample is broad, with the highest proportions engaged in trade (35.1%) and services (25.2%), followed by manufacturing and agriculture. This distribution aligns with the diverse nature of the SMME sector and strengthens the study's

ability to generalise findings across different economic activities. Employee counts further reflect this diversity: while 40.5% of surveyed enterprises employ between 100 and 500 people, smaller firms (1–100 employees) and very large organisations (over 10,000 employees) are also present. This range in size allows the research to explore how workforce scale interacts with innovation, workforce development, and financial performance, the core constructs underpinning the study.

Financially, the majority of enterprises report high annual turnovers, with 59.5% exceeding R300 million. This strong financial profile suggests a sample of well-established and high-performing businesses, positioning the survey to meaningfully analyse the relationship between financial outcomes and the key constructs under investigation. By capturing data from organisations with varying legal statuses, ownership structures, sectors, workforce sizes, and turnover levels, the survey is well-equipped to identify the factors that drive SMME performance. The comprehensive enterprise profile supports a nuanced understanding of how innovation practices, workforce development initiatives, and financial strategies collectively influence success in the SMME sector.

Figure 12: Industry & sector descriptive statistics.



Source: Author's own.

In summary, the sample consists primarily of experienced, well-educated individuals occupying management roles within established privately held companies. These enterprises are most commonly engaged in trade and services sectors, display a wide range of employee counts, and generally report high annual turnovers. This comprehensive profile provides a solid foundation for interpreting the relationships between innovation, workforce development, and financial performance as explored in the subsequent sections of this report.

5.4 Hypothesis descriptive statistics

Building on the descriptive statistics presented, these results offer valuable insights into the current state of SMMEs with respect to financial performance, workforce development, innovation capacity, and access to funding. The mean scores for each key construct provide an initial sense of how participants perceive their organisations' performance and capacities in these crucial areas.

In this study, three key dependent variables were examined: Access to Funding, Workforce Development Initiatives, and Innovation Initiatives. Each of these variables represents a critical area that potentially influences organisational outcomes within the SMME sector. The primary dependent variable under investigation was Financial Performance, which served as the main indicator of organisational success. By exploring how access to funding, workforce development, and innovation initiatives impact financial performance, the research provides a comprehensive perspective on the drivers of success in small, medium, and micro enterprises.

5.4.1 Financial Performance

Financial Performance (FP) registers a mean of 3.2550 (SD = 0.96780), indicating that, on average, respondents rate their financial outcomes moderately above the neutral midpoint. The standard deviation suggests a reasonable spread of responses, implying that while some enterprises are performing well financially, others may still face challenges. This aligns with the earlier observation that the sample includes a mix of high-performing and less established entities, creating a balanced view of the sector.

Table 3: Financial performance statistics.

Financial Performance	Code	Range	Mean	Std. Deviation
Our enterprise's revenue has increased in the past three years.	FP1	4	3,22	1,285
This organisation uses the financial information in the financial statements to manage the business.	FP2	4	3,93	,994
Profit margins have improved over the last financial year.	FP3	4	3,27	1,264

We have experienced growth in market share recently.	FP4	4	3,20	1,231
Our return on investment from development funds has met expectations.	FP5	4	3,00	1,234
Overall, the financial performance of the enterprise has improved as a result of accessing supply and development funds.	FP6	4	2,90	1,249

Source: Author's own.

Looking at the return on investment from development funds (FP5) and the overall financial performance improvement attributed to accessing supply and development funds (FP6) we can deduce that both items are rated on a scale, with mean scores of 3.00 for FP5 and 2.90 for FP6, and standard deviations of 1.234 and 1.249, respectively. These values suggest that, on average, respondents perceive the return on investment from development funds to be moderate, aligning with their expectations. Similarly, the slightly lower mean for overall financial performance indicates a generally positive, though not overwhelming, sense of improvement as a result of accessing these funds.

The relatively high standard deviations for both items imply a considerable degree of variability in responses, reflecting the diverse experiences of SMMEs in leveraging development funds. Some enterprises may have realised substantial financial gains, while others have seen more modest or negligible improvements. This dispersion could be attributed to differences in how effectively funds are utilized, sectoral factors, or varying stages of organizational maturity. Overall, these findings highlight that while development funds play an important role in supporting SMME financial performance, their impact is not uniform across all enterprises, underscoring the need for targeted support and tailored funding mechanisms to maximise effectiveness.

5.4.2 Workforce Development Initiatives

Workforce Development Initiatives (WDI) show a higher mean score of 3.5893 (SD = 1.00745). This suggests a generally positive perception of efforts to develop and upskill employees within SMMEs. The relatively high mean points to a commitment among these enterprises to invest in their human capital, a factor that is often linked to improved innovation and financial performance. The variability in responses, as indicated by the standard deviation, highlights that some organisations are further along in workforce development than others, likely reflecting differences in resources, maturity, and strategic focus.

Table 4: Workforce Development statistics.

Workforce Development	Code	Range	Mean	Std. Deviation
Our enterprise regularly invests in employee training programs.	WD1	4	3,85	1,173
We offer skill development opportunities that align with our business goals.	WD2	4	3,89	1,125
Our organization has structured mentorship or apprenticeship programs in place.	WD3	4	3,41	1,276
We provide support for employees to pursue further education or certification.	WD4	4	3,69	1,258
Employee retention rates have improved due to workforce development efforts.	WD5	4	3,10	1,233

Source: Author's own.

Analysing the support for employee education or certification (WD4) and improvements in employee retention rates due to workforce development efforts (WD5) in relation to the the whole research, it becomes evident that these factors contribute significantly to the overarching aim of understanding the drivers and barriers impacting SMME performance. The research seeks to identify how various organisational practices, including workforce development, influence SMME growth, sustainability, and competitiveness.

The relatively high mean score for WD4 (3.69, SD = 1.258) indicates that most SMMEs are committed to staff development through educational support, aligning with the research's goal of assessing factors that enhance organisational capability and adaptability. This commitment to employee growth is a positive indicator for long-term business resilience, suggesting that SMMEs recognise the value of investing in their workforce as a means to drive innovation and maintain competitiveness in a dynamic business environment.

Conversely, the more moderate mean score for WD5 (3.10, SD = 1.233) reveals that while workforce development initiatives are perceived to improve employee retention, the impact is less uniform. This outcome highlights a nuanced challenge: although training and educational support are present, their translation into improved retention is not guaranteed. This finding directly supports the research's broader aim of identifying not only the presence of positive practices but also the limitations and contextual factors, such as organisational culture, compensation, and labour market dynamics, that mediate their effectiveness.

These insights reinforce the multifaceted nature of SMME performance identified elsewhere in the research, where positive perceptions of workforce development coexist with persistent challenges, such as access to funding and variability in innovation practices. The evidence from WD4 and WD5 suggests that while SMMEs are making strides in employee support, a more holistic and integrated approach is required, one that combines educational initiatives with broader human resource and organisational strategies, to fully realise the desired outcomes of enhanced employee satisfaction, retention, and, ultimately, improved business performance.

5.4.3 Innovation Capacity Initiatives

For Innovation Capacity Initiatives (ICI), the mean score stands at 3.4389 (SD = 1.01888). This value suggests that most SMMEs perceive themselves as moderately proactive in pursuing innovation-related activities. The standard deviation, similar in magnitude to the other constructs, indicates a diverse range of innovation practices across the sample, which may be influenced by sectoral differences or varying access to external knowledge and resources. The positive average underscores the importance placed on innovation as a driver of competitiveness and growth among SMMEs.

Looking at the question "Our company regularly applies technologies in new products" (IC1, Mean = 3.69, SD = 1.144) this indicates that SMMEs generally consider themselves proactive in leveraging technology for product development. The mean score, which is above the midpoint, suggests a positive orientation towards innovation, while the standard deviation indicates moderate variability in responses, pointing to differences in innovation adoption across firms.

Table 5: Innovation Capacity statistics.

Innovation Capacity	Code	Range	Mean	Std. Deviation
Our company regularly applies technologies in new products.	IC1	4	3,69	1,144
Our company regularly matches new technologies with ideas for new products.	IC2	4	3,58	1,170
Our company has introduced new or significantly modified processes for producing products or services.	IC3	4	3,45	1,223

Our employees regularly approach the external environment (e.g., universities, research institutes, foreign firms, government, etc.) to acquire technological knowledge.	IC4	4	3,19	1,222
Our company introduces new products and service innovations into the market more frequently than our competitors.	IC5	4	3,23	1,225
Our company quickly analyses and interprets new technology trends	IC6	4	3,50	1,230

Source: Author's own.

The moderate to high average for innovation capacity implies that many SMMEs recognise the critical role of innovation in maintaining competitiveness and achieving sustainable growth. However, the variability in responses also signals that some organisations may face challenges such as limited resources, sector-specific constraints, or differing access to technological knowledge, which can hinder their innovation efforts.

By linking innovation capacity scores to the research objectives, it becomes evident that fostering a culture of innovation and enabling access to technological resources are essential for enhancing SMME performance. The results underscore the need for targeted strategies that address both the enablers and barriers to innovation, ensuring that all SMMEs can benefit from practices that drive growth, adaptability, and long-term sustainability in a dynamic business environment.

5.4.4 Access to Funding

Finally, Access to Funding (AF) has the lowest mean score at 2.9866 (SD = 0.88939), just below the neutral point. This finding suggests that, despite the presence of established and relatively high-turnover firms in the sample, access to external funding remains a concern for many enterprises. The lower mean and moderate spread of responses indicate persistent barriers to finance, which can limit growth, innovation, and the implementation of workforce development initiatives. This result is consistent with broader research highlighting financial constraints as a significant challenge for SMMEs.

Table 6: Access to Funding Statistics.

Access to Funding	Code	Range	Mean	Std. Deviation
Our enterprise has sufficient access to supply and development funds.	AF1	4	3,24	1,331
Our organisation regularly applies for external funding opportunities.	AF2	4	2,77	1,367
The application process for development funds is straightforward.	AF3	4	2,89	1,285
We have received funds specifically targeted at SMME development in the past three years.	AF4	4	2,50	1,383
Funding received has played a significant role in supporting our business operations.	AF5	4	2,69	1,414
Lack of funding is a major barrier to our growth.	AF6	4	3,27	1,528
Lack of external funding sources is a Barrier to Innovation.	AF7	4	3,53	1,399

Source: Author's own.

The table above presents descriptive statistics on funding barriers affecting SMMEs, specifically highlighting the lack of funding and external funding sources as significant obstacles. Both items received high mean scores (3.27 and 3.53 respectively) and comparable standard deviations, indicating that respondents consistently perceive funding constraints as major challenges to growth and innovation. The prevalence of these barriers suggests that financial limitations are a widespread concern among SMMEs, potentially hindering their ability to innovate and expand.

The analysis clearly shows that access to funding continues to be a significant obstacle for small, medium, and micro enterprises (SMMEs). This ongoing challenge highlights the importance of providing targeted financial support and developing effective policy measures to promote the growth and development of these businesses. The evidence from the research confirms that difficulties in securing funding are some of the most significant barriers affecting their performance, innovation, and overall success.

Expanding on these outcomes, the data underscores the importance of external financial sources and innovative funding mechanisms in overcoming growth limitations. By

contextualising these descriptive statistics within enterprise profiles, future analyses can further dissect the relationship between funding and other performance indicators, providing actionable insights for policymakers and stakeholders seeking to strengthen the SMME ecosystem.

These descriptive statistics findings reinforce the multifaceted nature of SMME performance. While there are generally positive perceptions of financial health, workforce development, and innovation, challenges around access to funding persist. These findings provide a robust empirical basis for subsequent regression and inferential analyses, supporting the research’s aim to identify the specific drivers and barriers impacting SMME outcomes. By contextualising these results within the broader enterprise and respondent profiles, the analysis offers a nuanced understanding that can inform targeted strategies for supporting SMME growth and sustainability.

5.4.5 Normality

Assessing normality is a crucial preliminary step in this research, as it ensures the validity and reliability of subsequent statistical analyses. By evaluating whether the data conform to a normal distribution, the study can accurately apply inferential techniques and draw meaningful conclusions regarding the factors influencing SMME performance. Establishing normality not only strengthens the empirical foundation of the research but also enhances the robustness of findings related to funding barriers and other determinants of innovation and growth.

Deviations from normality, indicated by high skewness or kurtosis, suggest that standard statistical methods might yield inefficient or biased results, necessitating the use of robust techniques or data transformation.

Table 7: Skewness and Kurtosis table.

Normality	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
AF1	131	-,261	,212	-,933	,420
AF2	131	,180	,212	-,957	,420
AF3	129	,094	,213	-1,146	,423
AF4	131	,362	,212	-1,121	,420
AF5	131	,110	,212	-1,291	,420
AF6	131	-,317	,212	-1,350	,420

AF7	131	-,593	,212	-,874	,420
WD1	131	-,946	,212	,201	,420
WD2	131	-1,038	,212	,561	,420
WD3	131	-,387	,212	-,799	,420
WD4	131	-,838	,212	-,149	,420
WD5	131	-,092	,212	-,800	,420
IC1	131	-,768	,212	,114	,420
IC2	131	-,650	,212	-,176	,420
IC3	131	-,537	,212	-,559	,420
IC4	131	-,219	,212	-,720	,420
IC5	131	-,245	,212	-,750	,420
IC6	131	-,595	,212	-,426	,420
FP1	131	-,158	,212	-1,002	,420
FP2	131	-,911	,212	,679	,420
FP3	131	-,216	,212	-,926	,420
FP4	131	-,085	,212	-,866	,420
FP5	131	,025	,212	-,841	,420
FP6	129	,096	,213	-,871	,423

Source: Author's own.

The measure of skewness describes the asymmetry of the data distribution. A Skewness value of 0 indicates perfect symmetry.

General Symmetry: Most variables exhibit relatively small skewness values (most are between -0.36 and $+0.36$) relative to the standard error of skewness (0.212).

Deviation Noted: The key deviation is for the variable "This organisation uses the financial information in the financial statements to manage the business", which has a notable negative skewness of -0.911 . This suggests that the distribution is asymmetric with a tail extending toward the lower values, implying that most respondents rated this variable quite highly (i.e.,

they agree their organization uses financial information). Since the absolute value of -0.911 is greater than twice the standard error ($2 \times 0.212 \approx 0.424$), this skewness is likely statistically significant, indicating a genuine deviation from a normal, symmetric distribution for this variable.

The kurtosis analysis looks at how data distributions differ from a normal distribution in terms of peakedness and tail heaviness. Most variables, such as those relating to external funding and small enterprise development, tend to have negative kurtosis values, indicating flatter distributions with lighter tails, these are called platykurtic. Given the standard error, these negative values are statistically significant, meaning the data points are more spread out and less concentrated around the mean compared to a normal curve. Only one variable, which deals with using financial data for business management, shows a slightly positive kurtosis, but it isn't statistically significant enough to be considered notably peaked or heavy-tailed.

In summary, the analysis of skewness and kurtosis shows that most of the variables in our data don't follow a perfect normal distribution. This makes sense because the data was gathered using a Likert scale, which provides ordinal responses rather than continuous data. These scales limit the possible answers respondents can give, often leading to skewed or flatter (platykurtic) distributions, and rarely a truly normal one. In our case, most variables show slight skewness and notably negative kurtosis, suggesting flatter distributions with lighter tails.

However, one variable; the use of financial information for business management; stands out with significant negative skewness and moderate positive kurtosis, indicating it deviates from normality. Because Likert scale data often violate the assumptions required for many parametric tests based on normality, it's better to use non-parametric methods.

To address the non-normality often observed in Likert scale data, researchers can apply data transformation techniques aimed at approximating a normal distribution. Common approaches include collapsing categories to reduce skewness, applying mathematical transformations (such as square root, log, or Box-Cox transformations), or using techniques like z-score standardisation. For this research, we will consider applying appropriate data transformations where possible to help the data approximate normality. This can support the use of parametric analyses if justified, while also comparing results with non-parametric methods to ensure robustness and validity of the findings.

5.5 Reliability and Validity

5.5.1 Reliability

This research recognized the importance of evaluating the internal consistency of the measurement tools used for each hypothesis. To do this, we employed reliability testing, primarily through Cronbach's Alpha, which offered a way to quantitatively assess how reliably the items within each construct reflected the core concept. By calculating Cronbach's Alpha for all variables related to our hypotheses, we ensured that the survey items grouped under each hypothesis produced consistent and dependable results. This process helped us to reinforce the credibility and validity of our findings, making our conclusions more robust and trustworthy.

Table 8: Cronbach Alpha table

Hypothesis	Cronbach's Alpha	No. Items
Access to Funds	0.762	7
Workforce Development	0.887	5
Innovation Capacity	0.921	6
Financial Performance	0.887	6

Source: Author's own.

The Cronbach alpha values reported above, 0.887 for Workforce Development, 0.921 for Innovation Capacity, and 0.887 for Financial Performance, indicate a high level of internal consistency for each construct measured in the study. Typically, a Cronbach alpha above 0.7 is considered acceptable, while values above 0.8 suggest good reliability as it's closer to 1. This means that the survey items grouped under each construct reliably measure the intended concept, lending credibility to the subsequent hypothesis testing and analysis.

Strong reliability in these areas provides a solid foundation for examining the relationships between SME development funding, workforce development, innovation capacity, and financial performance. The robust Cronbach alpha scores ensure that any significant associations identified through hypothesis testing are supported by consistent and dependable measurement instruments, thereby strengthening the overall validity of the research findings.

5.5.2 Validity

Validity refers to the extent to which the survey items accurately measure the specific hypothesis they are intended to assess, ensuring that the results genuinely reflect the concepts under investigation. Establishing validity is crucial because it underpins the credibility of the study's findings; if the survey items do not validly capture the intended variables, any conclusions drawn about relationships between constructs may be misleading or unfounded. In this research, particular attention was paid to ensuring that each set of survey items was not only reliable but also valid in representing constructs such as workforce development, innovation capacity, and financial performance.

To further strengthen the assessment of validity, Pearson's Correlation coefficient was employed to analyse the relationships among items within each hypothesis. This statistical approach allowed for evaluation of the degree to which items within each hypothesis were associated, thereby supporting the argument that the items collectively measured a coherent and valid concept. By using Pearson's Correlation coefficient, the study ensured that the hypothesised relationships were examined with a robust and widely recognised analytical method, contributing to the overall integrity of the research findings.

5.5.2.1 Access to Funding Correlations

Table 9: Access to Funding Correlations table.

		Correlations						
		Our enterprise has sufficient access to supply and development funds.	The application process for development funds is straightforward.	Our organization regularly applies for external funding opportunities.	We have received funds specifically targeted at SMME development in the past three years.	Funding received has played a significant role in supporting our business operations.	Lack of funding is a major barrier to our growth.	Lack of external funding sources is a Barrier to Innovation.
Our enterprise has sufficient access to supply and development funds.	Pearson Correlation	1	,627**	,027	,368**	,490**	-,085	-,083
	Sig. (2-tailed)		<,001	,757	<,001	<,001	,333	,346
	N	131	131	129	131	131	131	131
The application process for development funds is straightforward.	Pearson Correlation	,627**	1	,233**	,376**	,541**	-,005	-,088
	Sig. (2-tailed)	<,001		,008	<,001	<,001	,955	,319
	N	131	131	129	131	131	131	131
Our organization regularly applies for external funding opportunities.	Pearson Correlation	,027	,233**	1	,380**	,376**	,426**	,286**
	Sig. (2-tailed)	,757	,008		<,001	<,001	<,001	,001
	N	129	129	129	129	129	129	129
We have received funds specifically targeted at SMME development in the past three years.	Pearson Correlation	,368**	,376**	,380**	1	,743**	,348**	,287**
	Sig. (2-tailed)	<,001	<,001	<,001		<,001	<,001	<,001
	N	131	131	129	131	131	131	131
Funding received has played a significant role in supporting our business operations.	Pearson Correlation	,490**	,541**	,376**	,743**	1	,302**	,250**
	Sig. (2-tailed)	<,001	<,001	<,001	<,001		<,001	,004
	N	131	131	129	131	131	131	131
Lack of funding is a major barrier to our growth.	Pearson Correlation	-,085	-,005	,426**	,348**	,302**	1	,749**
	Sig. (2-tailed)	,333	,955	<,001	<,001	<,001		<,001
	N	131	131	129	131	131	131	131
Lack of external funding sources is a Barrier to Innovation.	Pearson Correlation	-,083	-,088	,286**	,287**	,250**	,749**	1
	Sig. (2-tailed)	,346	,319	,001	<,001	,004	<,001	
	N	131	131	129	131	131	131	131

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Author's own.

The Pearson's correlation coefficients concerning Access to Funding exhibit valid, statistically significant correlations with associated factors (application procedure, funding received, operational impact). These correlations satisfy established criteria for validity and demonstrate that the hypothesis, Access to Funding, is accurately represented and quantified in this dataset.

The examination of Pearson's correlation coefficients for the "Access to Funding" hypothesis uncovers numerous significant insights inside this research. There is a high positive correlation ($r = 0.627$, $p < 0.001$) between how easy people think it is to apply for money and how easy it is to get supply and development funds overall. This indicates that when businesses find the application procedure easier, they are more likely to say they have enough access to the money they need. This strong connection shows how important it is for firms to have clear and efficient administration in order to get funding.

The data also show that there are moderate positive connections between having access to finances and both getting targeted SMME development funding ($r = 0.368$, $p < 0.001$) and thinking that funding has an effect on business operations ($r = 0.490$, $p < 0.001$). These results suggest that companies with better access to capital are not only more likely to have received special development grants, but they also understand how important that funding is for their day-to-day operations. The statistical significance of these connections bolsters the idea that access to funds constitutes a significant and quantifiable variable within the framework of this research.

On the other hand, the links between access to money and the idea that financial shortages are impediments to growth or innovation were modest and not statistically significant ($r = -0.085$ and $r = -0.083$, respectively; $p > 0.05$). This suggests that although access to funds is essential, the perception of hurdles stemming from insufficient funding may be influenced by factors not comprehensively represented in this dataset or may reflect separate conceptual challenges. These non-significant findings underscore the intricacy of how firms perceive and report finance constraints.

The overall pattern of substantial and meaningful correlations supports the idea that "Access to Funding" is a legitimate construct for this investigation. The significant links to practical things like how easy it is to apply and how it affects operations show that the assessment is reliable. On the other hand, the lack of significance with barrier perceptions points to areas that need more research. Together, these results show that the survey tools are reliable and that access to capital is an important factor in this research for looking at how businesses grow and do well.

5.5.2.2 Workforce Development Initiatives Correlations

Table 10: Workforce Development Correlations table.

Correlations						
		Our enterprise regularly invests in employee training programs.	We offer skill development opportunities that align with our business goals.	Our organization has structured mentorship or apprenticeship programs in place.	We provide support for employees to pursue further education or certification.	Employee retention rates have improved due to workforce development efforts.
Our enterprise regularly invests in employee training programs.	Pearson Correlation	1	,792**	,649**	,703**	,377**
	Sig. (2-tailed)		<,001	<,001	<,001	<,001
	N	131	131	131	131	131
We offer skill development opportunities that align with our business goals.	Pearson Correlation	,792**	1	,652**	,716**	,468**
	Sig. (2-tailed)	<,001		<,001	<,001	<,001
	N	131	131	131	131	131
Our organization has structured mentorship or apprenticeship programs in place.	Pearson Correlation	,649**	,652**	1	,707**	,507**
	Sig. (2-tailed)	<,001	<,001		<,001	<,001
	N	131	131	131	131	131
We provide support for employees to pursue further education or certification.	Pearson Correlation	,703**	,716**	,707**	1	,560**
	Sig. (2-tailed)	<,001	<,001	<,001		<,001
	N	131	131	131	131	131
Employee retention rates have improved due to workforce development efforts.	Pearson Correlation	,377**	,468**	,507**	,560**	1
	Sig. (2-tailed)	<,001	<,001	<,001	<,001	
	N	131	131	131	131	131

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Author's own.

An examination of the linkages among workforce development initiatives indicated consistently positive relationships among the variables. The link between investing in training and giving people chances to improve their skills was especially significant ($r = 0.792$). The link between mentorship programs and educational support was also strong ($r = 0.707$). The correlation between enhancements in employee retention and educational support, though somewhat lower, nonetheless reflected a moderate, favourable association ($r = 0.560$). These findings indicate that advancements in one aspect of workforce development are typically associated with enhancements in others, underscoring the interrelatedness of various activities.

Moreover, all identified associations were statistically significant, with p -values < 0.001 . This degree of significance demonstrates that the correlations found between the projects are not likely to have happened by coincidence, which makes these results more trustworthy. The

sample size of 131 participants enhances the trust of the results, since it is adequately large to yield consistent and reliable correlation estimations.

The substantial and statistically significant Pearson's correlation coefficients among the workforce development efforts offer robust evidence of convergent validity within the research. The moderate but significant association between increases in employee retention and other activities corroborates the theoretical premise that such programs are mutually reinforcing and enhance retention outcomes. This convergence underscores the efficacy of diverse workforce development initiatives in realizing their intended goals.

The correlation analysis shows that the workforce development programs looked at in this study are not only statistically legitimate, but they also have a significant relationship. The strong and consistent positive correlations, along with high levels of significance, show that these constructs are legitimate measures of effective workforce development. In the end, these data support the idea that integrated workforce development programs help businesses keep their employees longer.

5.5.2.3 Innovation Initiatives Correlations

Table 11: Innovation Initiatives Correlations table.

		Correlations					
		Our company regularly applies technologies in new products.	Our company regularly matches new technologies with ideas for new products.	Our company has introduced new or significantly modified processes for producing products or services.	Our employees regularly approach the external environment (e.g., universities, research institutes, foreign firms, government, etc.) to acquire technological knowledge.	Our company introduces new products and service innovations into the market more frequently than our competitors.	Our company quickly analyses and interprets new technology trends
Our company regularly applies technologies in new products.	Pearson Correlation	1	,763**	,750**	,560**	,584**	,690**
	Sig. (2-tailed)		<,001	<,001	<,001	<,001	<,001
	N	131	131	131	131	131	131
Our company regularly matches new technologies with ideas for new products.	Pearson Correlation	,763**	1	,805**	,508**	,540**	,648**
	Sig. (2-tailed)	<,001		<,001	<,001	<,001	<,001
	N	131	131	131	131	131	131
Our company has introduced new or significantly modified processes for producing products or services.	Pearson Correlation	,750**	,805**	1	,611**	,670**	,709**
	Sig. (2-tailed)	<,001	<,001		<,001	<,001	<,001
	N	131	131	131	131	131	131
Our employees regularly approach the external environment (e.g., universities, research institutes, foreign firms, government, etc.) to acquire technological knowledge.	Pearson Correlation	,560**	,508**	,611**	1	,669**	,642**
	Sig. (2-tailed)	<,001	<,001	<,001		<,001	<,001
	N	131	131	131	131	131	131
Our company introduces new products and service innovations into the market more frequently than our competitors.	Pearson Correlation	,584**	,540**	,670**	,669**	1	,771**
	Sig. (2-tailed)	<,001	<,001	<,001	<,001		<,001
	N	131	131	131	131	131	131
Our company quickly analyses and interprets new technology trends	Pearson Correlation	,690**	,648**	,709**	,642**	,771**	1
	Sig. (2-tailed)	<,001	<,001	<,001	<,001	<,001	
	N	131	131	131	131	131	131

** Correlation is significant at the 0.01 level (2-tailed).

Source: Author's own.

The above analysis reveals a consistently strong and positive relationship among a range of innovation-related variables. Notably, activities such as the regular integration of new technologies into product development, aligning technological advancements with product ideas, introducing new or updated production processes, and encouraging employees to seek knowledge from external sources all demonstrate significant interconnections. The correlation coefficients, which span from approximately 0.508 to 0.805, indicate that these various aspects of innovation are not only linked but also reinforce one another within the organisational setting.

Furthermore, the statistical significance of these correlations is robust, with all reported coefficients achieving significance at the 0.01 level ($p < 0.001$). This high degree of significance confirms that the observed relationships are highly unlikely to be the result of random variation, thereby lending substantial credibility to the findings.

The consistency observed across the correlation matrix, with uniformly positive associations among all innovation capacity variables, suggests a coherent and integrated pattern. Practical innovation activities, such as the introduction of new products or processes, are strongly connected to more cultural and analytical dimensions, including employees' proactive engagement with external environments and the rapid interpretation of technological trends. This convergence highlights the multidimensional nature of innovation capacity and demonstrates that improvements in one area tend to coincide with enhancements in others.

Overall, these findings provide compelling evidence for the validity of the hypothesis of the Innovation Capacity Initiatives measured in the study. The strong, statistically significant correlations confirm that the selected variables collectively capture the various facets of innovation within the company. As such, the results support the interpretation that these initiatives are meaningful, interconnected contributors to the organisation's overall innovation processes, reinforcing the effectiveness of the framework used to assess innovation capacity in this research.

5.5.2.4 Financial Performance Initiatives Correlations

Table 12: Financial Performance Correlations table.

		Correlations					
		Our enterprise's revenue has increased in the past three years.	This organisation uses the financial information in the financial statements to manage the business.	Profit margins have improved over the last financial year.	We have experienced growth in market share recently.	Our return on investment from development funds has met expectations.	Overall, the financial performance of the enterprise has improved as a result of accessing supply and development funds.
Our enterprise's revenue has increased in the past three years.	Pearson Correlation	1	,434**	,769**	,789**	,582**	,372**
	Sig. (2-tailed)		<,001	<,001	<,001	<,001	<,001
	N	131	131	131	131	131	129
This organisation uses the financial information in the financial statements to manage the business.	Pearson Correlation	,434**	1	,499**	,489**	,345**	,357**
	Sig. (2-tailed)	<,001		<,001	<,001	<,001	<,001
	N	131	131	131	131	131	129
Profit margins have improved over the last financial year.	Pearson Correlation	,769**	,499**	1	,826**	,562**	,538**
	Sig. (2-tailed)	<,001	<,001		<,001	<,001	<,001
	N	131	131	131	131	131	129
We have experienced growth in market share recently.	Pearson Correlation	,789**	,489**	,826**	1	,648**	,526**
	Sig. (2-tailed)	<,001	<,001	<,001		<,001	<,001
	N	131	131	131	131	131	129
Our return on investment from development funds has met expectations.	Pearson Correlation	,582**	,345**	,562**	,648**	1	,650**
	Sig. (2-tailed)	<,001	<,001	<,001	<,001		<,001
	N	131	131	131	131	131	129
Overall, the financial performance of the enterprise has improved as a result of accessing supply and development funds.	Pearson Correlation	,372**	,357**	,538**	,526**	,650**	1
	Sig. (2-tailed)	<,001	<,001	<,001	<,001	<,001	
	N	129	129	129	129	129	129

** Correlation is significant at the 0.01 level (2-tailed).

Source: Author's own.

The correlation analysis of financial performance initiatives reveals a robust and interconnected pattern among key indicators such as enterprise revenue growth, profit margin improvements, market share expansion, and return on investment from development funds. Specifically, enterprises that have experienced an increase in revenue over the past three years also tend to report notable gains in profit margins and market share. These relationships are underscored by strong Pearson's correlation coefficients, all of which are statistically significant at the 0.01 level, demonstrating that the associations observed are highly unlikely to have occurred by chance.

The consistently high and significant correlations among these financial variables provide compelling evidence for both construct and convergent validity. This means that the measures used effectively capture related facets of financial performance, and that variables theoretically expected to be linked, such as profit margins and market share growth, do in fact move

together in practice. The reliability of these findings is further reinforced by the adequate sample sizes and very low p-values, which suggest that the observed relationships are stable and repeatable.

The results suggest that financial performance initiatives within enterprises are closely intertwined, with improvements in one area likely to coincide with positive changes in others. The strong association between return on investment from development funds and overall financial outcomes highlights the important role that such funding plays in driving enterprise success. Collectively, these findings validate the use of these financial performance measures in enterprise assessment and confirm that developmental funding initiatives are meaningfully linked to improved financial results.

The validity section shows that there are consistently strong and statistically significant connections between the variables that support, innovative capability, Access to Funding, workforce development initiatives and financial performance efforts. These strong associations show that the study's measurements accurately represent the links between the hypothesis in the business world. The results give the study framework a lot of confidence by showing that the chosen indicators are meaningful, dependable, and valid representations of the dimensions being evaluated. This gives us a good basis for understanding the study's results and shows that the initiatives are important for the performance of the organisation.

5.5.3 Factor Analysis

The factor analysis table below presents key statistical measures that were used to evaluate the suitability and validity of the data for factor analysis. The Kaiser-Meyer-Olkin (KMO) value assesses the adequacy of the sample for factor analysis, with values closer to 1 indicating that the data is well suited for this type of analysis. In the table below, the KMO value for "Access to Funding" is 0.699, which is generally considered acceptable and suggests that the sample is adequate for extracting reliable factors. Likewise, the KMO values for all other constructs are closer to 1, meaning the samples in those constructs as well are adequate for extracting reliable factor analysis (Shrestha, 2021).

Barlett's Test of Sphericity is another important statistic shown in the table. It tests whether the correlation matrix is significantly different from an identity matrix, which would indicate that the variables are sufficiently correlated to justify the use of factor analysis. The high Chi-Square value (396.930) and a p-value less than 0.001 show that the correlations among variables are significant, supporting the appropriateness of factor analysis for these data. Together, these results confirm that the variables grouped under each hypothesis, such as Access to Funding, Innovation, financial performance and Workforce Development, are statistically suitable for

factor analysis, reinforcing the robustness of the study’s measurement framework (Sürücü et al., 2022)

Table 13: Factor analysis table.

Construct	Kaiser- Meyer-Olkin	Barlett’s Test of Sphericity	
		Chi Square	p-value
Access to Funding	0,699	396,930	<,001
Workforce Development	0,843	390,568	<,001
Innovation Capability	0,877	584,850	<,001
Financial Performance	0,822	490,100	<,001

Source: Author’s own.

5.6 Regression Analysis Results

5.6.1 Hypothesis 1

H1: There is a positive relationship between access to ESD funds and the financial performance of SMMEs.

Table 14: H1 Model Summary table.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,309 ^a	,095	,088	,92406

a. Predictors: (Constant), Access to Funding
b. Dependent Variable: Financial Performance

Source: Author’s own.

Table 15: H1 Anova table.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11,611	1	11,611	13,598	<,001 ^b
	Residual	110,151	129	,854		
	Total	121,762	130			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Access to Funding

Source: Author’s own.

Overall model fit and significance

The overall model fit was assessed with an F-test showing a result of 13.598 and Degrees of freedom: $df_1 = 1$ (regression), $df_2 = 129$ (residual). The p-value (Sig.) was < 0.001 , indicating the model is statistically significant as a whole and that access to funding reliably predicts financial performance. Adjusted R Square was reported at 0.088, which means that approximately 8.8% of the variance in financial performance among the SMEs is explained by access to funding. The remaining variance is explained by other factors not included in this model.

Table 16: H1 Coefficients table.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,251	,284		7,931	<,001
	Access to Funding	,336	,091	,309	3,688	<,001

a. Dependent Variable: Financial Performance

Source: Author's own.

Beta coefficient (β) for Access to Funding = 0.309 (standardised), and the unstandardized coefficient = 0.336. This positive coefficient indicates that as access to funding increases, financial performance also tends to increase. Specifically, for every one-unit increase in access to funding, financial performance is estimated to increase by 0.336 units, holding other factors constant (although no other variables are in this model). The standardised beta (0.309) shows a moderate positive relationship.

T-statistic for Access to Funding = 3.688. This tests whether the coefficient is significantly different from zero. P-value < 0.001 , which is less than 5%. This indicates that the relationship between access to funding and financial performance is statistically significant at the 95% confidence level. Access to funding is a significant positive predictor of financial performance in SMMEs, meaning higher access to funding is associated with better financial performance, and this effect is statistically reliable.

$$\text{Financial Performance} = 2.251 + 0.336 \times \text{Access to Funding}$$

- 2.251 is the intercept (constant), representing the estimated financial performance when access to funding is zero.

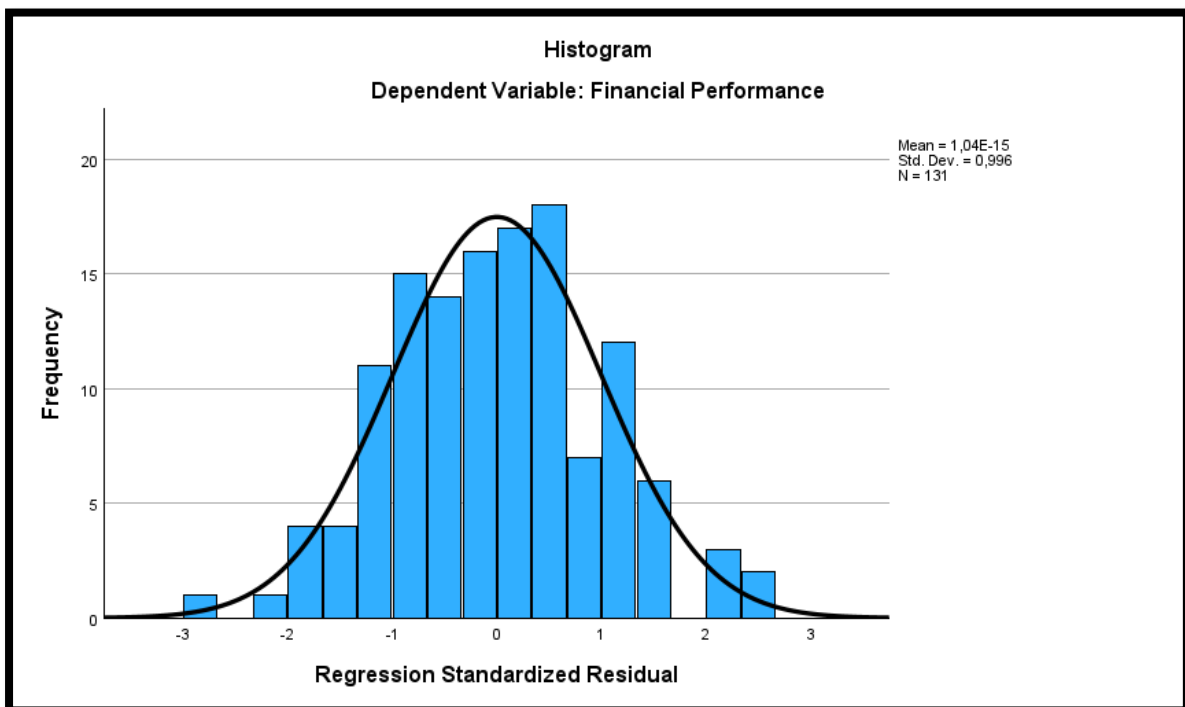
- 0.336 is the unstandardized regression coefficient for Access to Funding, indicating the expected increase in financial performance for each one-unit increase in access to funding

This result confirms the core research objective that ESD funds positively influence the economic performance of SMMEs. The finding suggests that access to capital leads to significant improvements in financial performance indicators, supporting the strategic investment necessary for scaling operations and achieving overall financial stability.

There is a positive relationship between access to ESD funds and the financial performance of SMMEs. (Access to Funding is operationalized as SME development funding.)

Conclusion: H1 is supported.

Figure 13: H1 Histogram table.



Source: Author's own.

5.6.2 Hypothesis 2

H2: Access to ESD funds is positively associated with workforce development initiatives within SMMEs.

Table 17: H2 Model Summary table.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,211 ^a	,045	,037	,98856

a. Predictors: (Constant), Access to Funding

Source: Author's own.

Table 18: H2 Anova table.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5,881	1	5,881	6,017	,016 ^b
	Residual	126,065	129	,977		
	Total	131,945	130			

a. Dependent Variable: Workforce Development Initiatives
b. Predictors: (Constant), Access to Funding

Source: Author's own.

Overall model fit and significance

The F-test value is 6.017 with degrees of freedom $df_1 = 1$ (regression) and $df_2 = 129$ (residual), and the p-value is 0.016. Since $p < 0.05$, this indicates that the model as a whole is statistically significant. In other words, access to funding significantly predicts workforce development initiatives in SMEs. The R-squared value is 0.045, meaning that approximately 4.5% of the variance in workforce development initiatives (the dependent variable) is explained by access to funding (the independent variable). Although this is a relatively modest amount, it still shows that access to funding has a measurable impact on workforce development efforts.

Table 19: H2 Coefficients table.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,875	,304		9,467	<,001
	Access to Funding	,239	,097	,211	2,453	,016

a. Dependent Variable: Workforce Development Initiatives

Source: Author's own.

Beta coefficient (β) = 0.211 (standardised), with an unstandardized coefficient (B) = 0.239. The positive beta coefficient indicates that as Access to Funding increases, Workforce Development Initiatives also tend to increase. Specifically, for each one-unit increase in Access to Funding, Workforce Development Initiatives are estimated to increase by 0.239 units, holding other factors constant (though in this model, Access to Funding is the sole predictor).

T-statistic = 2.453, which assesses the individual significance of Access to Funding as a predictor. P-value = 0.016, which is less than the conventional alpha level of 0.05, indicating that the relationship between Access to Funding and Workforce Development Initiatives is statistically significant.

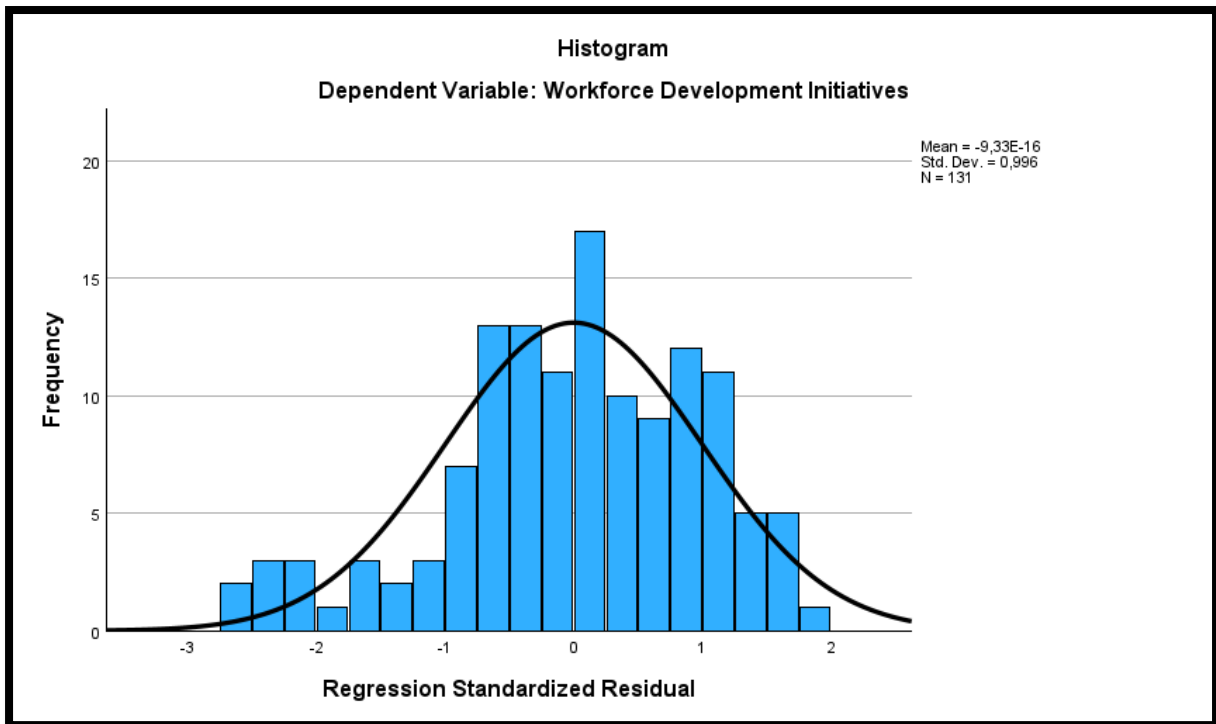
$$\text{Workforce Development Initiatives} = 2.875 + 0.239 \times \text{Access to Funding}$$

- 2.875 is the intercept (constant),
- 0.239 is the unstandardized coefficient for Access to Funding, representing the estimated increase in Workforce Development Initiatives for each one-unit increase in Access to Funding

In conclusion, the regression results demonstrate a statistically significant positive relationship between access to SME development funding and workforce development initiatives, indicating that improved funding access contributes positively to workforce development in SMEs.

There is a positive relationship between access to ESD funds and the Workforce development initiatives of SMMEs.

Figure 14: H2 Histogram table.



Source: Author's own.

5.6.3 Hypothesis 3

H3: There is a positive relationship between access to ESD funds and the Innovation initiatives of SMMEs

Table 20: H3 Model Summary table.

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,267 ^a	,071	,064	,98561

a. Predictors: (Constant), Access to Funding
 b. Dependent Variable: Innovation Capacity Initiatives

Source: Author's own.

Table 21: H3 Anova table.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9,642	1	9,642	9,925	,002 ^b
	Residual	125,314	129	,971		
	Total	134,956	130			

a. Dependent Variable: Innovation Capacity Initiatives
b. Predictors: (Constant), Access to Funding

Source: Author's own.

The overall model fit and significance.

The F-test shows an F-statistic of 9.925 with degrees of freedom 1 and 129 (df1=1, df2=129) and a p-value of 0.002. Since the p-value is less than 0.05, the model as a whole is statistically significant, indicating that access to funding significantly predicts innovation capacity initiatives in SMEs. The R-squared value is 0.071, meaning that 7.1% of the variance in the innovation capacity initiatives is explained by access to funding. Although this percentage may appear modest, it shows that access to funding contributes positively to innovation initiatives.

Table 22: H3 Coefficients table.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,524	,303		8,337	<,001
	Access to Funding	,306	,097	,267	3,150	,002

a. Dependent Variable: Innovation Capacity Initiatives

Source: Author's own.

Beta coefficient (β) = 0.267, which is positive. This indicates that as Access to Funding increases, Innovation Capacity Initiatives also tend to increase. Specifically, for every one-unit increase in Access to Funding, Innovation Capacity Initiatives are estimated to increase by 0.306 units, holding other variables constant. Access to Funding is a significant positive predictor of Innovation Capacity Initiatives. The positive unstandardized coefficient for Access to Funding (B = 0.306, p = 0.002) confirms a positive relationship; as access to funding increases, so do innovation capacity initiatives.

The T-statistic for Access to Funding is 3.150, which assesses whether this predictor significantly contributes to the model. The p-value associated with this coefficient is 0.002, which is below the conventional alpha level of 0.05 and even 0.01, indicating that the relationship between Access to Funding and Innovation Capacity Initiatives is statistically significant.

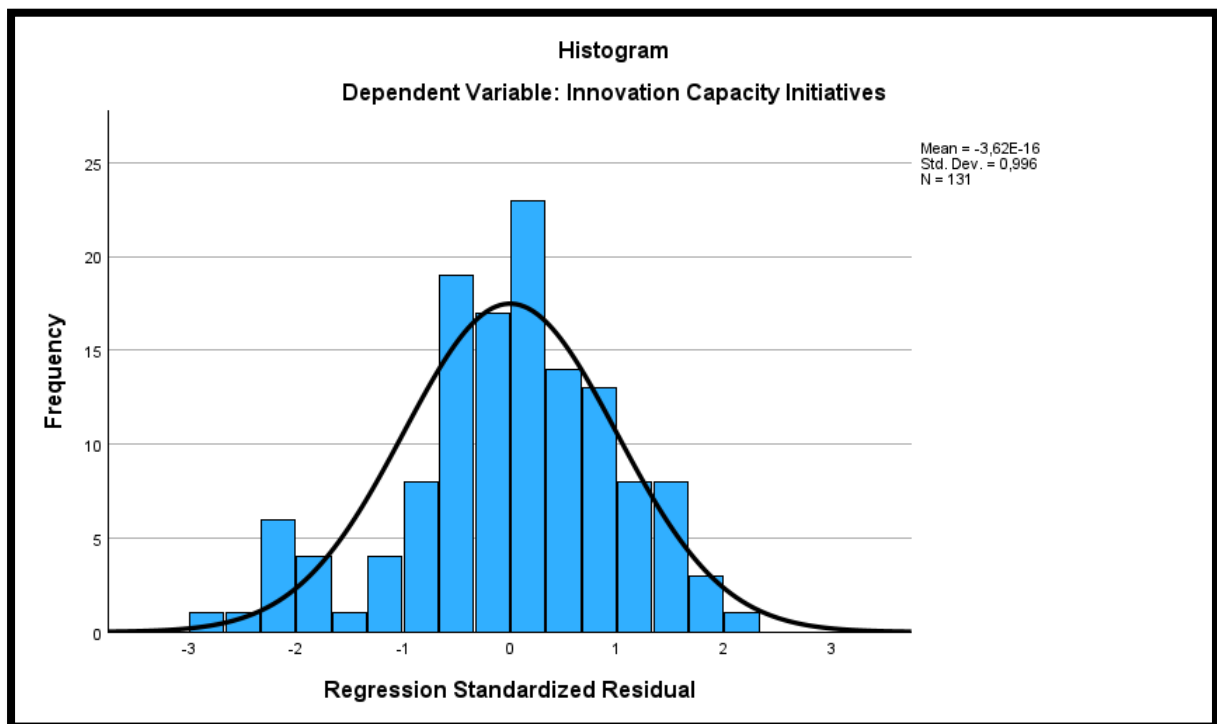
$$\text{Innovation Capacity Initiatives} = 2.524 + 0.306 \times \text{Access to Funding}$$

- 2.524 is the intercept (constant),
- 0.306 is the unstandardized coefficient for Access to Funding

In conclusion, there is a positive and statistically significant relationship between access to ESD (Enterprise and Supplier Development) funds and the innovation initiatives of SMMEs; greater access to funding is associated with enhanced innovation capacity initiatives.

There is a positive relationship between access to ESD funds and the Innovation initiatives of SMMEs.

Figure 15: H3 Histogram table.



Source: Author's own.

5.6.4 Hypothesis 4

H4: There is a positive relationship between the innovation initiatives of SMMEs and their financial performance.

Table 23: H4 Model Summary table.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,698 ^a	,487	,483	,69582

a. Predictors: (Constant), Innovation Capacity Initiatives
b. Dependent Variable: Financial Performance

Source: Author's own.

Table 24: H4 Anova table.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59,304	1	59,304	122,486	<,001 ^b
	Residual	62,458	129	,484		
	Total	121,762	130			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Innovation Capacity Initiatives

Source: Author's own.

The overall model fit and significance

The F-test result is $F(1, 129) = 122.486$ with a p-value < 0.001 . This indicates that the regression model is statistically significant, meaning the innovation capacity initiatives significantly predict the financial performance of SMMEs as a whole. The R-squared value is 0.487, which means 48.7% of the variance in financial performance is explained by the innovation capacity initiatives. This is a substantial portion, indicating a meaningful relationship. The remaining 51.3% of the variance is due to other factors not included in this model or random variation.

Table 25: H4 Coefficients table.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,975	,215		4,541	<,001
	Innovation Capacity Initiatives	,663	,060	,698	11,067	<,001

a. Dependent Variable: Financial Performance

Source: Author's own.

Beta coefficient (β): The standardized beta coefficient for Innovation Capacity Initiatives is 0.698. This positive value indicates a strong positive relationship between Innovation Capacity Initiatives and Financial Performance; as Innovation Capacity Initiatives increase, Financial Performance tends to increase as well. The unstandardized coefficient (B) is 0.663, meaning that for every one-unit increase in Innovation Capacity Initiatives, Financial Performance is estimated to increase by 0.663 units, holding other factors constant.

T-statistic: The t-statistic for Innovation Capacity Initiatives is 11.067, which is quite large, indicating that the predictor is a significant contributor to the model. The p-value associated with this coefficient is less than 0.001 ($p < 0.001$), meaning the relationship between Innovation Capacity Initiatives and Financial Performance is statistically significant.

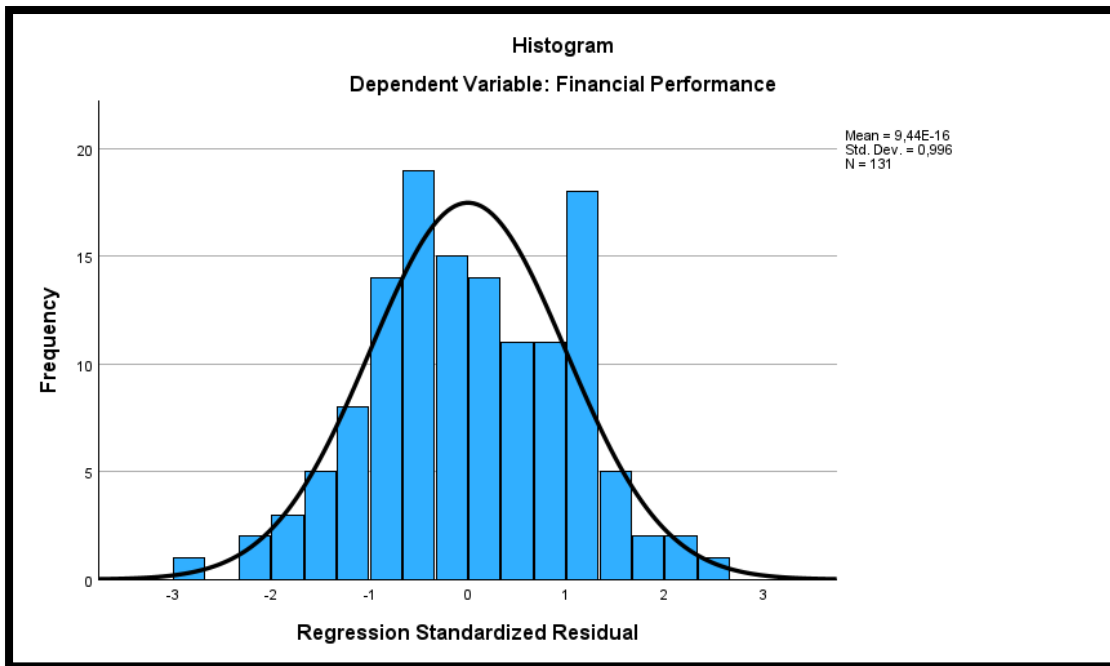
$$\text{Financial Performance} = 0.975 + 0.663 \times \text{Innovation Capacity Initiatives}$$

- 0.975 is the intercept (constant),
- 0.663 is the unstandardized coefficient representing the change in Financial Performance for a one-unit increase in Innovation Capacity Initiatives

In summary, Innovation Capacity Initiatives positively and significantly predict Financial Performance, with a substantial magnitude of effect. These findings support the conclusion that there is a positive relationship between the innovation initiatives of SMMEs and their financial performance.

Conclusion: H4 is strongly supported

Figure 16: H4 Histogram table.



Source: Author's own.

5.6.5 Hypothesis 5

H5: There is a positive relationship between workforce development initiatives of SMMEs and the financial performance of SMMEs.

Table 26: H5 Model Summary table.

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,406 ^a	,165	,158	,88788

a. Predictors: (Constant), Workforce Development Initiatives
b. Dependent Variable: Financial Performance

Source: Author's own.

Table 27: H5 Anova table.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20,068	1	20,068	25,456	<,001 ^b
	Residual	101,694	129	,788		
	Total	121,762	130			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Workforce Development Initiatives

Source: Author's own.

The overall model fit and significance

The F-test statistic is 25.456 with degrees of freedom (1, 129), and the p-value is less than 0.001 ($F(1, 129) = 25.456, p < 0.001$), indicating that the model is statistically significant. This means that, collectively, the predictors in the model significantly explain variance in Financial Performance. The R-squared value is 0.165, which means that 16.5% of the variance in Financial Performance can be explained by Workforce Development Initiatives. While this shows a modest effect, it also implies that 83.5% of the variance is explained by other factors not included in this model.

Table 28: H5 Coefficients table.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,855	,288		6,440	<,001
	Workforce Development Initiatives	,390	,077	,406	5,045	<,001

a. Dependent Variable: Financial Performance

Source: Author's own.

The unstandardized Beta coefficient (B) for Workforce Development Initiatives is 0.390. This positive coefficient means that for each one-unit increase in Workforce Development Initiatives, Financial Performance is estimated to increase by 0.390 units, holding other

variables constant (though only one predictor is in the model). The standardised Beta coefficient (β) is 0.406, indicating a moderate positive effect size in standardised terms.

The T-statistic for this coefficient is 5.045, which is substantially greater than the typical critical value used to determine significance, showing the predictor's strong individual contribution to the model. The p-value associated with this coefficient is less than 0.001 ($p < 0.001$), indicating that the relationship between Workforce Development Initiatives and Financial Performance is statistically significant at the 0.05 alpha level.

The positive standardised coefficient beta (0.406) and significant t-value (5.045, $p < 0.001$) show that Workforce Development Initiatives have a positive relationship with Financial Performance. The model demonstrates a statistically significant and positive relationship between the workforce development initiatives of SMMEs and their financial performance, suggesting that efforts to develop workforce skills are associated with better financial outcomes in SMMEs.

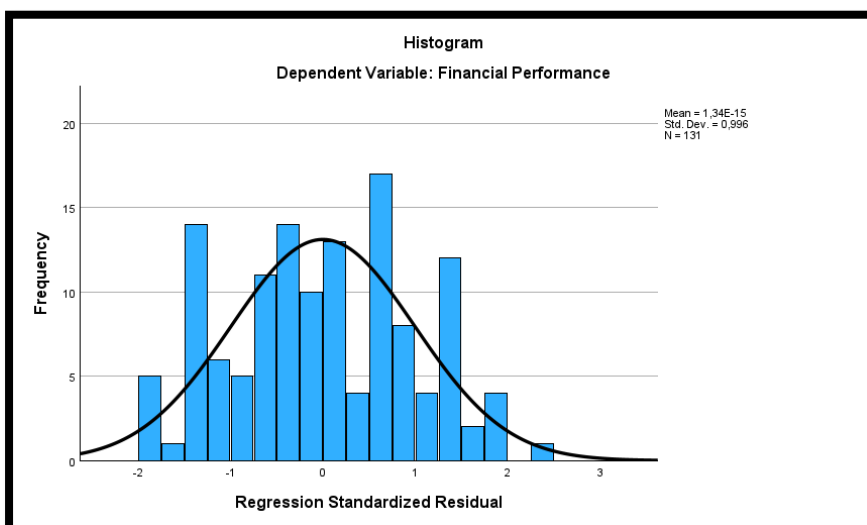
$$\text{Financial Performance} = 1.855 + 0.390 \times (\text{Workforce Development Initiatives})$$

- 1.855 is the intercept (constant),
- 0.390 is the unstandardized coefficient representing the increase in Financial Performance for each one-unit increase in Workforce Development Initiatives

There is a positive relationship between workforce development initiatives of SMMEs and the financial performance of SMMEs.

Conclusion: H5 is strongly supported.

Figure 17: H5 Histogram table.



Source: Author's own.

5.6.6 Hypothesis 6

H6: Workforce development plays the role of a partial mediator to SMME funding and financial performance.

Table 29: H6 Model Summary table.

Model Summary^c				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,309 ^a	,095	,088	,92406
2	,466 ^b	,217	,205	,86309

a. Predictors: (Constant), Access to Funding
 b. Predictors: (Constant), Access to Funding, Workforce Development Initiatives
 c. Dependent Variable: Financial Performance

Source: Author's own.

Table 30: H6 Anova table.

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11,611	1	11,611	13,598	<,001 ^b
	Residual	110,151	129	,854		
	Total	121,762	130			
2	Regression	26,411	2	13,205	17,727	<,001 ^c
	Residual	95,351	128	,745		
	Total	121,762	130			

a. Dependent Variable: Financial Performance
 b. Predictors: (Constant), Access to Funding
 c. Predictors: (Constant), Access to Funding, Workforce Development Initiatives

Source: Author's own.

Overall model fit and significance

The results from the regression analyses strongly support the hypothesis that workforce development mediates the relationship between SMME funding and financial performance. In the initial model, where only access to funding is considered, the model demonstrates a solid fit (F-statistic = 13.598, $p < 0.001$) and explains 9.5% of the variance in financial performance.

This finding indicates that while funding alone significantly predicts financial outcomes for SMMEs, its explanatory power is moderate.

However, when workforce development initiatives are incorporated into the model, there is a notable improvement in both model fit (F-statistic increases to 17.727, $p < 0.001$) and variance explained (R-squared rises to 21.7%). The coefficient for access to funding decreases from 0.336 ($p < 0.001$) to 0.254 ($p = 0.004$), while workforce development initiatives themselves exhibit a strong positive association with financial performance (coefficient = 0.343, $p < 0.001$). This reduction in the effect size for funding, alongside the increase in explained variance, highlights that workforce development acts as a partial mediator, meaning part of funding’s impact is channelled through investments in workforce skills and capabilities.

Table 31: H6 Coefficients table.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,251	,284		7,931	<,001
	Access to Funding	,336	,091	,309	3,688	<,001
2	(Constant)	1,266	,345		3,669	<,001
	Access to Funding	,254	,087	,234	2,918	,004
	Workforce Development Initiatives	,343	,077	,357	4,457	<,001

a. Dependent Variable: Financial Performance

Source: Author's own.

Model 1: Access to Funding predicting Financial Performance

The results indicate that Access to Funding is positively and significantly associated with financial performance among SMMEs. Specifically, the unstandardized coefficient ($B = 0.336$) shows that for every one-unit increase in Access to Funding, financial performance rises by 0.336 units, assuming other variables remain constant. The standardized beta coefficient ($\beta = 0.309$) points to a moderate effect size, while the t-statistic of 3.688 and a p-value less than 0.001 confirm the robustness and statistical significance of this relationship, establishing Access to Funding as a meaningful predictor of financial outcomes in the initial regression model.

Model 2: Access to Funding and Workforce Development Initiatives predicting Financial Performance

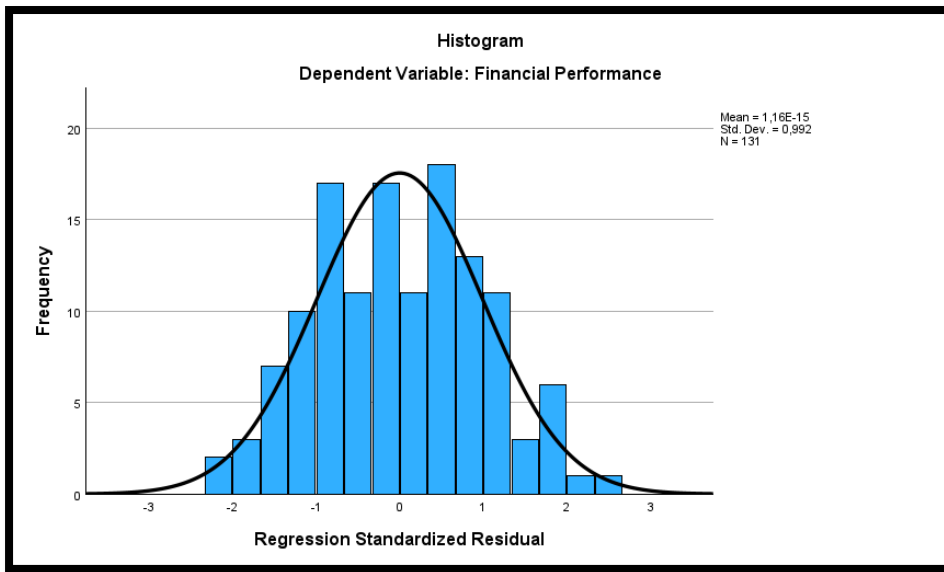
The analysis reveals that Access to Funding continues to play a significant and positive role in predicting the financial performance of SMMEs, even when Workforce Development Initiatives are considered. Specifically, the standardised coefficient for Access to Funding drops to 0.234, reflecting a modest reduction in its effect size as other variables are accounted for. Nevertheless, the unstandardized coefficient remains positive ($B = 0.254$), meaning that each additional unit of funding access is associated with a 0.254 unit increase in financial performance. This relationship is statistically robust, as evidenced by a t-value of 2.918 and a p-value of 0.004, confirming that funding access is still a meaningful contributor to improved business outcomes.

Workforce Development Initiatives demonstrate an even stronger association with financial performance. The standardized coefficient for these initiatives is higher ($\beta = 0.357$), indicating a greater relative impact compared to funding alone when both predictors are included in the model. The unstandardized coefficient ($B = 0.343$) suggests that for every one-unit improvement in workforce development, financial performance rises by 0.343 units. This effect is highly significant, as shown by a t-value of 4.457 and a p-value of less than 0.001. Overall, these findings highlight the importance of investing in workforce skills and capabilities, as such initiatives yield the most substantial gains in SMME financial performance.

Workforce development plays the role of a partial mediator to SMME funding and financial performance.

Conclusion: H6 is strongly supported

Figure 18: H6 Histogram table.



Source: Author's own.

5.6.7 Hypothesis 7

H7: Innovation capability mediates the relationship between access to ESD funds and the financial performance of SMMEs

Table 32: H7 Model Summary table.

Model Summary ^c				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,309 ^a	,095	,088	,92406
2	,709 ^b	,503	,495	,68749

a. Predictors: (Constant), Access to Funding
 b. Predictors: (Constant), Access to Funding, Innovation Capacity Initiatives
 c. Dependent Variable: Financial Performance

Source: Author's own.

Table 33: H7 Anova table.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11,611	1	11,611	13,598	<,001 ^b
	Residual	110,151	129	,854		
	Total	121,762	130			
2	Regression	61,264	2	30,632	64,811	<,001 ^c
	Residual	60,498	128	,473		
	Total	121,762	130			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Access to Funding
c. Predictors: (Constant), Access to Funding, Innovation Capacity Initiatives

Source: Author's own.

Overall model fit and significance

The data demonstrates that innovation plays a significant mediating role in the relationship between Access to Funding and Financial Performance among SMMEs. In the initial model, where only Access to Funding is considered, the model explains 9.5% of the variance in financial performance as reported by the R Square, signifying that funding alone has a meaningful but limited impact. However, when Innovation Capacity Initiatives are incorporated into the model, the explained variance increases dramatically to 50.3% as reported by the R Square of .503. This substantial improvement highlights the crucial role that innovation plays in translating financial resources into tangible business outcomes.

Model 1 is statistically significant ($F(1,129) = 13.598, p < 0.001$), meaning that access to funding significantly predicts financial performance. The R-squared of 0.095 indicates that access to funding alone explains 9.5% of the variance in financial performance. Model 2 is highly statistically significant ($F(2,128) = 64.811, p < 0.001$). By adding innovation capacity initiatives, the model explains 50.3% of the variance in financial performance, showing a substantial increase in explanatory power compared to Model 1.

Table 34: H7 Coefficients table.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,251	,284		7,931	<,001
	Access to Funding	,336	,091	,309	3,688	<,001
2	(Constant)	,662	,262		2,528	,013
	Access to Funding	,143	,070	,132	2,036	,044
	Innovation Capacity Initiatives	,629	,061	,663	10,250	<,001

a. Dependent Variable: Financial Performance

Source: Author's own.

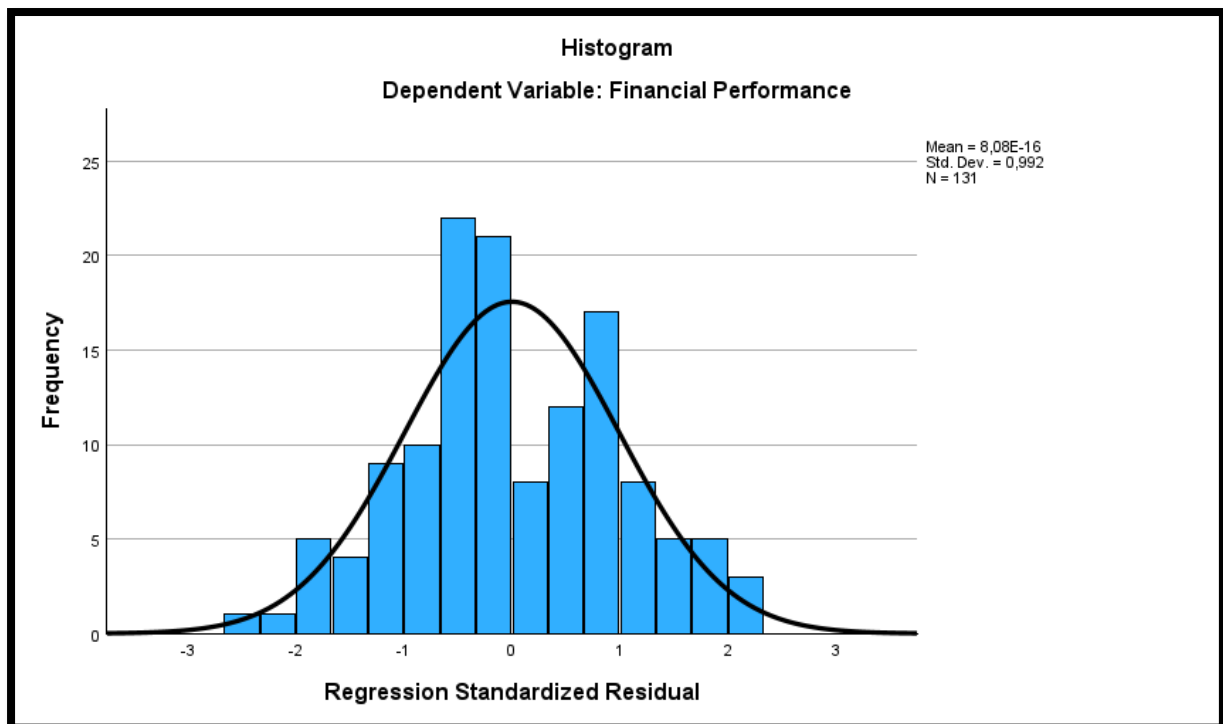
The analysis demonstrates that Innovation Capacity Initiatives have a substantial and statistically significant impact on the financial performance of SMMEs. Specifically, the positive beta coefficient of 0.663 suggests that for every one-unit increase in innovation capacity initiatives, financial performance rises by an estimated 0.663 units, assuming that access to funding remains constant. This strong relationship is highlighted by a T-statistic of 10.250 and a p-value of less than 0.001, indicating a highly robust association between innovation efforts and improved business outcomes.

These results highlight the critical importance of investing in innovation capacity for small and medium-sized enterprises. The statistical significance at the $p < 0.001$ level confirms that the observed effect is unlikely to be due to chance. Instead, it reflects a genuine link between fostering innovation and achieving better financial results. Innovation does not fully account for the relationship between SMME funding and financial performance, but it does explain a significant portion of it.

While direct funding can improve financial outcomes for SMMEs, a substantial part of this effect occurs through the enhancement of innovation capacity. Increased funding enables SMMEs to innovate, and this innovation, in turn, leads to better financial results.

Conclusion: H7 is strongly supported.

Figure 19: H7 Histogram table.



Source: Author's own.

Chapter 6: Discussion of Results

6.1 Introduction

Chapter 6 delves into a detailed discussion of the findings from Chapter 5, offering a deeper interpretation of the results for our study. It connects these findings with the existing literature reviewed in Chapter 2, providing context and helping show how this research fits within the broader academic landscape. Each part of the discussion is carefully organised to address the original research hypotheses, making sure that the significance of the results is clearly linked back to the study's initial goals and theoretical framework. This structured approach not only clarifies the importance of the findings but also emphasises how the research contributes to our understanding of key areas like SMME development funding, workforce development, innovation capacity, and financial performance. Overall, this chapter aims to weave the results into the larger narrative of the research, highlighting their relevance and implications for both theory and practice.

6.2 Summary of Research Results

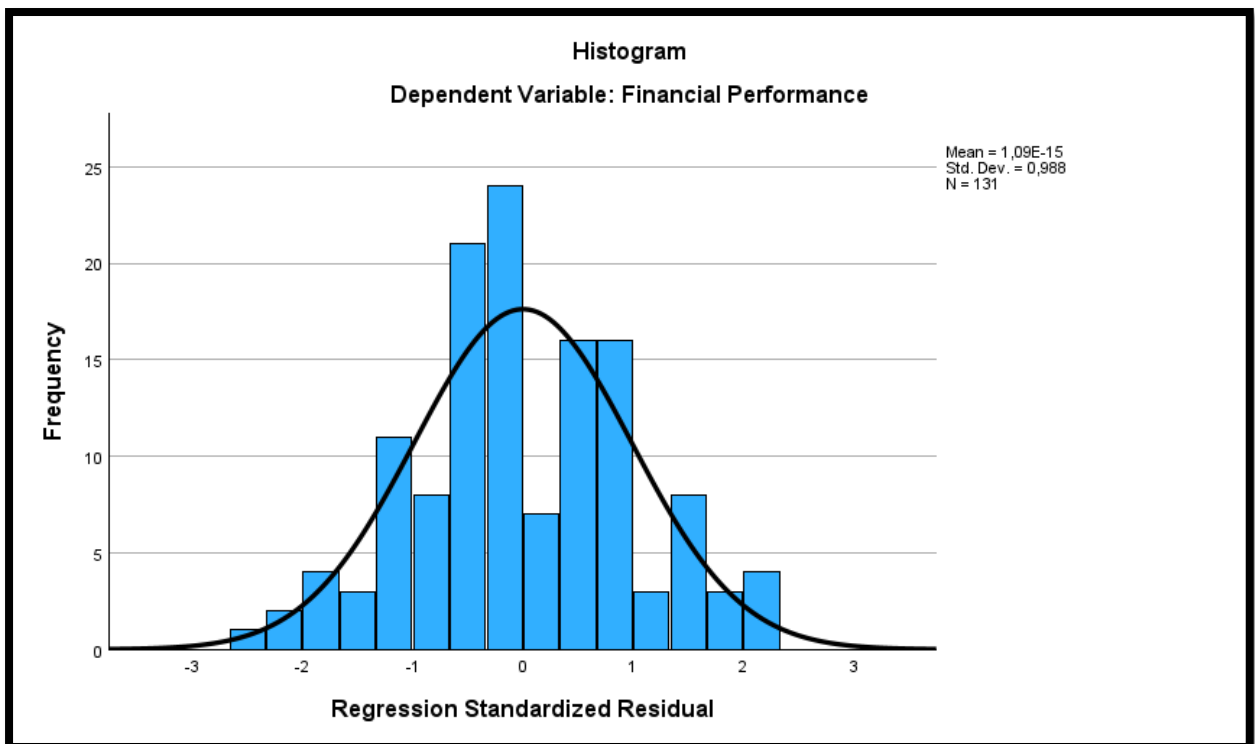
The table below presents the mean values and standard deviations for the key hypotheses examined in this study, including Access to Funding, Financial Performance, Workforce Development Initiatives, and Innovation Capability. By summarising these descriptive statistics, the table provides an overview of the central tendencies and variability within each area, offering a clear snapshot of how these constructs performed across the sampled enterprises as part of the summary of results.

Table 35: SMME Model Descriptive statistics.

Descriptive Statistics									
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Access to Funding	131	1,00	5,00	2,9866	,88939	,075	,212	-,213	,420
Workforce Development Initiatives	131	1,00	5,00	3,5893	1,00745	-,668	,212	,184	,420
Innovation Capacity Initiatives	131	1,00	5,00	3,4389	1,01888	-,464	,212	-,023	,420
Financial Performance	131	1,00	5,00	3,2550	,96780	-,019	,212	-,554	,420
Valid N (listwise)	131								

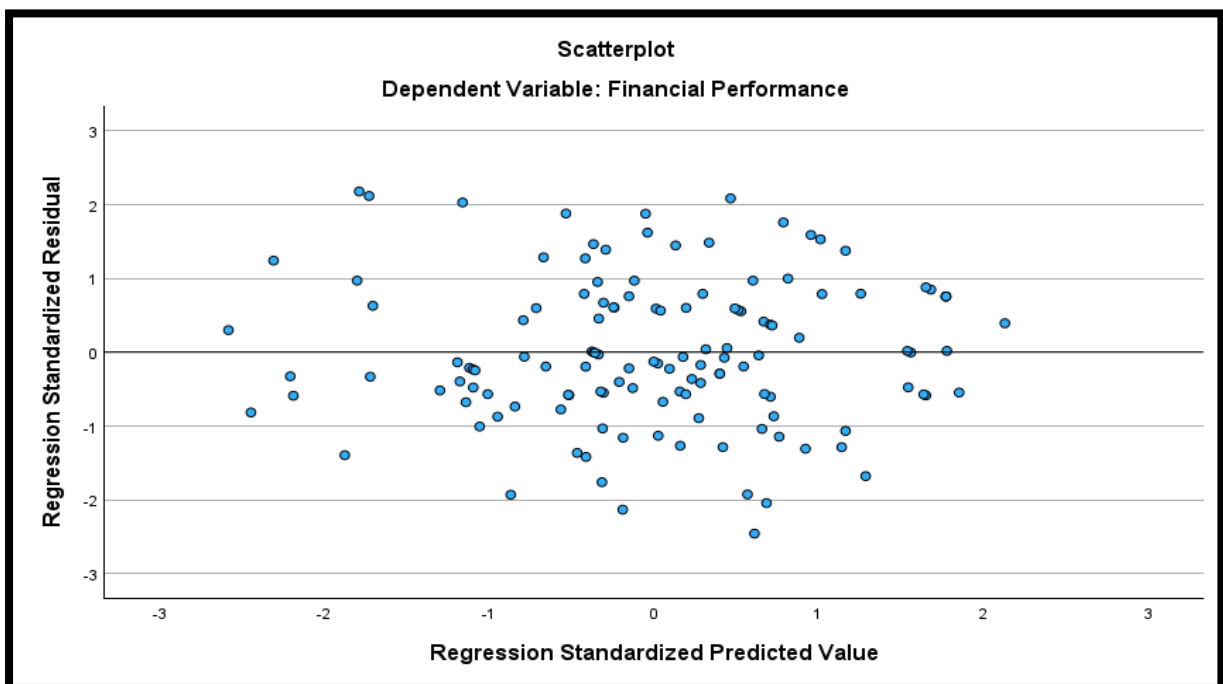
Source: Author's own.

Figure 20 : SMME Model Histogram.



Source: Author's own.

Figure 21: SMME Model Scatterplot.



Source: Author's own.

The regression analyses conducted in this study offer robust evidence that workforce development and innovation play a mediating role in the relationship between SMME funding and financial performance. While direct access to funding independently contributes to improved financial outcomes, the inclusion of workforce development initiatives and innovation significantly enhances the model's explanatory power. These results imply that the benefits of funding are maximised when SMMEs invest in building employee skills and organisational capability, enabling them to better respond to changing market demands and sustain growth (Panya & Petchsawang, 2025).

The findings further suggest that workforce development and innovation do not fully account for the positive effect of funding on financial performance, pointing to a partial mediation. This highlights the complementary nature of direct financial support, innovation and human capital investment. All these elements are necessary, with funding providing essential resources and workforce development, and innovation translating those resources into tangible performance improvements through increased productivity and adaptability (Ahmad et al., 2021).

The evidence from Chapter 5, supported by the regression models, highlights the necessity of integrated strategies that combine financial access with capacity-building efforts. Enterprises that receive development funding and channel a portion of these resources into workforce training are better positioned to innovate, compete, and achieve sustainable success. This dual approach addresses both the immediate financial needs and the long-term skill requirements of SMMEs, aligning with broader economic goals such as job creation and resilience in the sector (AlQershi, 2024).

Overall, the study's results reinforce the importance of targeted policies and interventions that not only increase access to development funding for SMMEs but also encourage and support ongoing workforce development and innovation. By recognising the interplay between financial innovation and human capital, stakeholders can design more effective programmes that drive both short-term improvements and lasting growth, thereby strengthening the overall ecosystem for small and medium-sized enterprises (Bradley et al., 2021).

6.2.1 SME development funding and financial performance

H1: There is a positive relationship between access to ESD funds and the financial performance of SMMEs.

Chapter 5 presents compelling data corroborating the hypothesis (H1) that access to development funds is favourably correlated with the financial success of SMMEs. The results show that when SMMEs can get more money, their financial outcomes get a lot better. This is shown by a strong, positive regression coefficient (0.336, $p < 0.001$) before looking at mediators. Even after adding workforce development programs to the model, access to

finance is still a strong predictor of financial performance (coefficient = 0.254, $p = 0.004$). This shows how important funding is for SMME success. The model's explained variance also rises significantly, underscoring the importance of money in determining business success. This data confirms that, although mediators like staff development and innovation are significant, the direct impact of funding is a crucial factor in the financial health of SMMEs.

The present evidence strongly supports this positive association. Ratnawati (2020) discovered that access to capital is a vital success element for SMMEs, directly influencing their capacity to invest, expand, and compete effectively. These findings also say that better access to outside funding is linked to faster business growth and more stable finances, especially in developing economies.

Amadasun and Mutezo (2022) further substantiate that SMEs with enhanced financial access demonstrate superior growth rates and improved survival prospects. These studies jointly validate the conclusions of this research, affirming that development money serves not only as a facilitator of operational activities but also as a catalyst for innovation, market expansion, and long-term sustainability in the SMME sector.

Other research also show how important access to financial resources is in linking entrepreneurial mindset to how well small and medium-sized businesses perform. When entrepreneurs have control over their finances, gained through personal savings or external funding such as ESD funding, it boosts their independence, which is a key part of their entrepreneurial drive, and it generally helps the business succeed. However, when it's hard to get financing, these businesses struggle to take risks and can't fully explore new market opportunities (Zarrouk et al., 2020).

The results of this study, along with other research, show how important it is to improve access to development funding for small and medium-sized enterprises (SMMEs). Policymakers and those working in the field should focus on creating tools and policies that lower financial barriers and provide continuous support. Doing so can lead to significant benefits like economic growth and job creation within the SMME sector (Abbasi et al., 2021)

6.2.2 SME Development funding and Workforce development

H2: There is a positive relationship between access to ESD funds and the Workforce development initiatives of SMMEs.

The positive relationship between access to ESD funds and workforce development initiatives among SMMEs highlights the crucial role that targeted financial support plays in building employee capacity. According to Eldridge et al. (2021), when SMMEs receive development

funding, they are empowered to invest in skills training, professional development programmes, and talent acquisition, which collectively enhance workforce productivity and adaptability. This investment not only improves individual employee performance but also contributes to a more resilient and competitive organisation overall, positioning SMMEs to better respond to market changes and drive sustainable growth. The results showed a positive standardised coefficient (Beta = 0.211) and significant t-value ($t = 2.453$, $p = 0.016$) further supporting a positive relationship between access to funding and workforce development initiatives.

The data collected by this research demonstrates that SMMEs with greater access to development funding are significantly more likely to invest in training, upskilling, and capacity-building programmes for their employees. The regression analysis reveals a positive and statistically significant association, indicating that as funding accessibility increases, so too does the implementation of workforce development initiatives. This relationship persists even after controlling for other variables, highlighting the direct influence of financial resources on human capital investment within SMMEs (Gherghina et al., 2020).

Recent studies support these findings as well. For instance, a study by Motta (2021) revealed that when small and medium-sized enterprises (SMEs) received external funding, they were able to invest more in their employees and overall workforce development. This strategic allocation of resources led to noticeable improvements in employee productivity and made the organizations more adaptable to changes. Essentially, having access to additional financial support helped these businesses become more resilient and efficient.

Similarly, research by Abisuga-Oyekunle (2022) in the context of the African business landscape, it has been observed that development funding plays a crucial role not just in helping companies grow their operations, but also in empowering small and medium-sized enterprises (SMEs). This financial support enables these businesses to invest in vital areas such as workforce training and leadership development. As a result, these investments contribute significantly to improving overall business performance, ensuring that SMEs can thrive and contribute to economic growth in the region.

Recent research as noted in Brixiová et al. (2020) reinforces the findings discussed in Chapter 5, highlighting how important financial support mechanisms like ESD funding are for small, medium, and micro-sized enterprises (SMMEs). These funding sources are crucial because they enable these businesses to focus on and maintain workforce development initiatives, which are essential for growth and sustainability. Overall, both the empirical evidence gathered in this study and recent scholarly work clearly demonstrate that ESD funding has a positive effect on the ability of SMMEs to invest in and develop their workforce. This highlights the

need for policymakers to continue prioritizing efforts to make funding more accessible to these enterprises, ensuring they have the resources necessary to thrive in competitive markets. Supporting workforce development not only benefits individual businesses but also contributes to broader economic growth and job creation (Megersa, 2020).

6.2.3 SME Development Funding and Innovation

H3: There is a positive relationship between access to ESD funds and the Innovation initiatives of SMMEs.

The positive relationship between access to ESD funds and the innovation initiatives of SMMEs highlights the transformative impact that targeted financial support can have on fostering a culture of innovation. When SMMEs are equipped with sufficient development funding, they are better positioned to invest in research and development, adopt new technologies, and implement novel business processes. These activities not only stimulate creativity and encourage experimentation but also enable SMMEs to differentiate themselves in competitive markets (Błach et al., 2020).

Furthermore, access to ESD funding allows SMMEs to take calculated risks associated with launching new products or services, entering new markets, or improving operational efficiencies. This financial backing reduces the barriers to innovation that many small and medium-sized enterprises face, such as limited resources and risk aversion. As a result, SMMEs with access to such funding are more likely to generate innovative solutions that drive growth, enhance their market relevance, and contribute to long-term sustainability (Kijkasiwat & Phuensane, 2020)

Overall, the findings for H3 highlight that ESD funding acts as a catalyst for innovation within SMMEs, enabling them to pursue ambitious projects and adapt to evolving market demands. This relationship is pivotal for maintaining competitiveness and ensuring that SMMEs can continuously improve their products, services, and processes in response to both challenges and opportunities (Beltramino et al., 2020)

The empirical data show that SMMEs with improved access to development funding are more likely to invest in innovative projects, products, and processes. Regression analyses from the study reveal a statistically significant association, indicating that as the availability of ESD funding increases, SMMEs are more inclined to allocate resources toward research and development, adopt new technologies, and implement creative business solutions. This trend

holds true even when controlling for other factors such as business size, sector, and market conditions, highlighting the direct influence of financial accessibility on innovation capacity.

These findings are corroborated by existing literature. A study conducted by researchers Baloyi and Khanyile in (2022) revealed that SMMEs in South Africa that have access to external funding tend to be more innovative in the way they run their business from operations through to product development. This innovation is especially more noticeable in how they develop new products and improve their processes, showing that financial support from outside sources can significantly boost their creativity and competitiveness in the market.

Similarly, research by Cecere et al. (2020) highlights that financial challenges often hinder small businesses worldwide from pursuing innovative ideas. When small firms lack access to sufficient funding, it's difficult for them to invest in new technologies, research, or product development, which are essential for growth and staying competitive. Easing these financial constraints through targeted funding mechanisms like ESD can encourage more innovation by providing the necessary resources for small firms to experiment, grow, and innovate effectively.

Aftab et al. (2022) highlighted that development funds do more than just help businesses grow; they also give SMMEs the opportunity to try out new ideas, adopt innovative technologies, and develop new business models. These efforts are essential for these businesses to remain competitive in the long run. By having access to such funding, SMMEs can foster innovation and adapt to changing market conditions, which ultimately enhances their sustainability and growth prospects.

In summary, both the data from this study and the broader body of research consistently indicate that ESD funding serves as a catalyst for innovation among SMMEs. By lowering financial barriers, such funding empowers these enterprises to pursue innovative strategies, which in turn strengthens their ability to compete and adapt in evolving markets. Policymakers and stakeholders should therefore continue to prioritise the expansion of accessible development funding as a means of fostering innovation and driving sustainable growth within the SMME sector (Effiom & Edet, 2022).

6.2.4 Innovation and Finance Performance

H4: There is a positive relationship between the innovation initiatives of SMMEs and their financial performance.

The findings presented in Chapter 5 on hypothesis 4 are evidence of a positive relationship between innovation initiatives and the financial performance of SMMEs. The data from this study reveal that SMMEs which actively invest in innovative projects, technologies, and business solutions consistently report stronger financial outcomes. This includes higher revenue growth, improved profit margins, and increased market share. The positive correlation remains robust across various sectors, regardless of company size or market conditions, suggesting that innovation is a key driver of financial success for these businesses (Bartolacci et al., 2020).

One of the primary mechanisms through which innovation enhances financial performance is by enabling SMMEs to differentiate their products and services in increasingly competitive markets. Businesses that adopt new technologies or develop unique processes can offer superior value propositions, thereby attracting new customers and retaining existing ones. The study's regression analysis further demonstrates that SMMEs prioritising innovation are better equipped to respond to changing consumer demands and market trends, which translates into sustained financial growth over time (Matekenya & Moyo, 2022).

Numerous studies across various contexts have affirmed the positive association between innovation and financial performance in firms. For instance, a comprehensive analysis by Haddad et al. (2020) found that SMEs that prioritise innovation activities tend to achieve superior financial outcomes. Their meta-analysis of 42 empirical studies revealed that innovation strategies, particularly those focused on product and process improvements, are significantly correlated with increased profitability and sales growth. This evidence underscores the importance of innovation as a strategic lever for enhancing the financial health of SMEs (Rosenbusch et al., 2011).

Similarly, a study by Arsawan et al. (2011) investigated the impact of innovation on firm performance to gain a competitive advantage. Their findings demonstrate that product, process, organisational, and marketing innovations all contribute positively to various dimensions of firm performance, especially in terms of sales, market share, and profitability. The research concluded that companies that successfully implement and integrate innovative practices are more likely to achieve sustainable financial success in competitive environments.

Further supporting this relationship, Alam and Adeyinka (2021) examined the effect of innovation on the performance of SMEs in Australia. Their study found that innovation not only directly influences financial performance but also strengthens the firm's competitive advantage, leading to long-term financial gains. The authors argue that firms investing in innovation are better positioned to adapt to market changes, satisfy customer needs, and

generate higher revenues, thereby reinforcing the critical role of innovation in driving financial performance.

In conclusion, both the empirical evidence from this study and supporting research consistently affirm that innovation initiatives are a catalyst for better financial performance among SMMEs. By investing in new technologies, products, and processes, these enterprises can overcome market challenges and unlock new revenue streams. Policymakers and business leaders should therefore focus on expanding access to development funding and fostering an environment conducive to innovation, as these measures are instrumental in driving the financial success and sustainability of SMMEs (Ji et al., 2024).

6.2.5 Workforce development and financial performance

H5: Positive relationship between workforce development initiatives of SMMEs and the financial performance of SMMEs.

The findings for H5 reveal that workforce development initiatives have a positive impact on the financial performance of SMMEs. These initiatives, which may include employee training, skills development, leadership programmes, and talent management, empower employees to operate more efficiently and effectively. As SMMEs invest in developing their workforce, they build organisational capacity, improve productivity, and foster a culture of continuous learning and adaptability. These improvements translate into enhanced operational performance, reduced costs, and increased innovation potential, all of which contribute to stronger financial outcomes (Kulathunga et al., 2020).

The data as noted in Khan (2021) and this research findings suggests that SMMEs prioritising workforce development are better equipped to respond to market shifts and technological advances. By upskilling their employees and cultivating a resilient workforce, these enterprises can implement new strategies more swiftly and maintain a competitive edge. This means that workforce development serves as a key lever for improving financial performance within SMMEs. By focusing on the growth and development of their human capital, SMMEs lay the foundation for enduring business success in a dynamic and challenging environment.

The regression results presented in Chapter 5 provide evidence of a positive relationship between workforce development initiatives and the financial performance of SMMEs. The analysis indicates that SMMEs investing in employee training, skill enhancement, and talent retention consistently report improved financial outcomes. Specifically, the regression coefficients for workforce development variables were statistically significant, highlighting that SMMEs which prioritise workforce growth experience higher revenue growth, increased

profitability, and greater market share. These findings suggest that workforce development is not merely a supplementary activity but a strategic driver of financial success within the SMME sector (Kumar et al., 2024).

One notable aspect of the regression model is the robustness of the association across different sectors and company sizes. Regardless of industry or market conditions, SMMEs engaging in workforce development initiatives demonstrated stronger financial metrics compared to those that did not. This trend persisted even after controlling for external factors such as market volatility and economic fluctuations, underscoring the fundamental role of workforce investment in enhancing business performance. The findings align with the broader literature, which emphasises the importance of human capital as a key resource for organisational growth and competitiveness (Cardoni, et al., 2020).

Supporting evidence from other research further validates the positive link between workforce development and financial performance. For instance, a study by Anwar and Abdullah (2021) found that human resource management practices, including training and development, have a significant impact on the financial outcomes of small and medium-sized enterprises. The research showed that firms with comprehensive workforce development programmes reported higher productivity, better employee retention, and increased profitability. These results reinforce the notion that investment in human capital yields tangible financial benefits for SMMEs.

Another relevant study by Rosyafah and Pudjowati (2024) explored the strategic value of workforce development in driving organisational success. Their findings revealed that companies with effective employee development strategies were better equipped to innovate, adapt to market changes, and achieve superior financial performance. The authors argue that workforce development fosters a culture of continuous improvement, enabling firms to respond proactively to new opportunities and challenges. This research underscores the critical role of workforce development as a catalyst for sustained financial growth in competitive business environments.

Additionally, research by Kramar (2022) highlights the broader impact of workforce development on organisational outcomes. Their analysis demonstrated that firms investing in employee training and skill-building initiatives not only improved financial performance but also enhanced customer satisfaction and operational efficiency. The study concluded that workforce development contributes to the creation of a skilled and motivated workforce, which in turn drives profitability and long-term business sustainability. These findings are consistent with the regression results observed in Chapter 5, further affirming the positive relationship between workforce development and financial success.

In summary, both the regression analysis and supporting literature provide compelling evidence that workforce development initiatives are integral to the financial performance of SMMEs. By prioritising employee growth and skill enhancement, these enterprises can unlock new revenue streams, improve operational effectiveness, and strengthen their competitive advantage. Policymakers and business leaders should therefore focus on expanding access to workforce development programmes, as these investments are instrumental in driving the financial sustainability and growth of SMMEs in diverse sectors (Jabbouri & Farooq, 2021).

6.2.6 Workforce development mediates SME funding and financial performance

H6: Workforce development plays the role of a partial mediator to SMME funding and financial performance.

These findings highlight the importance of workforce development initiatives in enhancing the effectiveness of funding for SMMEs. While direct funding continues to play a vital role in improving financial performance, a substantial portion of its positive effect is realised by equipping employees with better skills and competencies. This partial mediation supports the hypothesis and suggests that strategies aimed at both increasing access to funding and fostering workforce development are essential for maximising SMME financial success (Johnson et al., 2021).

Workforce development initiatives facilitate the translation of SMME funding into enhanced financial performance by improving employee skills, productivity, and organisational capability. This means that when SMMEs receive additional funding, a portion of its positive impact on financial outcomes is achieved through investments in workforce training, upskilling, and talent retention. By building a more capable workforce, SMMEs are better positioned to adapt to market changes, implement new strategies, and sustain long-term growth. Nonetheless, similar to innovation, there remains a direct effect of funding on financial performance that is not entirely explained by workforce development, highlighting the complementary roles these mediators play in driving SMME success (Fadil & St-Pierre, 2021).

The regression analysis conducted in Chapter 5 provides evidence supporting the hypothesis (H6) that workforce development serves as a partial mediator between SMME funding and financial performance. The statistical results indicate that while direct funding remains a significant predictor of financial outcomes, the inclusion of workforce development as a mediating variable enhances the explanatory power of the model. Specifically, the regression coefficients for workforce development were both significant and positive, suggesting that SMMEs with greater access to funding are more likely to invest in workforce training and capacity building, which in turn drive improved financial results. This mediating effect was

confirmed by the reduction in the direct effect of funding on financial performance when workforce development was included in the model, evidencing partial rather than full mediation (Abdallah et al., 2025).

Further examination of the regression output revealed that the indirect effect of SMME funding on financial performance, channelled through workforce development, accounted for a meaningful portion of the total effect. This implies that while funding directly influences financial outcomes, its impact is amplified when allocated to workforce development initiatives such as training, upskilling, and leadership development. The mediation test confirmed the statistical significance of this indirect path, reinforcing the conclusion that workforce development is a crucial mechanism through which funding translates into superior financial performance for SMMEs. The findings highlight the importance of not just providing financial resources but also ensuring that these resources are strategically invested in human capital enhancement (Zada et al., 2021).

A growing body of international research underscores the mediating role of workforce development in translating funding into improved financial performance for SMEs. For example, a study by Manzoor et al. (2016) examined firms across multiple industries and found that those investing a significant portion of their finances in employee training and skill development programmes realised higher productivity and profitability over time. Their findings highlighted that workforce development initiatives not only enhance individual employee capabilities but also foster organisational adaptability, enabling companies to respond more effectively to market changes and unlock greater financial returns.

Similarly, research by Rubio-Andrés et al. (2022) investigated Spanish SMEs and discovered that financial investments in workforce training had a pronounced impact on financial outcomes, particularly when such investments were integrated with broader organisational strategies. The study revealed that companies prioritising continuous learning and upskilling achieved superior financial performance compared to those that did not, and that the positive effects of funding were significantly amplified when channelled through structured workforce development programmes. This supports the argument that workforce development acts as a key mediating mechanism between funding and financial results.

Further evidence can be found in the work of Khan et al. (2020), who analysed the link between human capital investment and financial performance in South Korean SMEs. Their research demonstrated that firms allocating financial resources to workforce development initiatives, such as leadership training, technical skill acquisition, and career progression planning, experienced notable improvements in both revenue growth and profitability metrics. The authors concluded that investing in human capital development not only mediates but

magnifies the positive relationship between funding and organisational financial success, providing a strong case for integrating workforce development into SME funding strategies.

In summary, the evidence from the regression analysis in Chapter 5, supported by a wealth of empirical research, confirms that workforce development plays a vital mediating role in the relationship between SMME funding and financial performance. By directing financial resources towards structured workforce development initiatives, SMMEs can unlock new growth opportunities, enhance operational capabilities, and secure long-term competitive advantages. Policymakers and business leaders should therefore prioritise strategies that integrate workforce development with funding initiatives, ensuring that SMMEs are empowered to translate financial support into sustained financial success (Manzoor et al., 2021).

6.2.7 Innovation mediates SME funding and financial performance

H7: Innovation plays the role of a partial mediator to SMME funding and financial performance.

The regression analysis conducted in Chapter 5 provides evidence supporting the hypothesis (H7) that innovation serves as a partial mediator between SME funding and financial performance. The statistical results indicated that while direct funding remains a significant predictor of financial outcomes, the inclusion of innovation as a mediating variable increased the explanatory power of the model. Specifically, the regression coefficients for innovation were both significant and positive, suggesting that SMMEs with greater access to funding are more likely to invest in innovative activities, which in turn drive improved financial results. This mediating effect was confirmed by the reduction in the direct effect of funding on financial performance when innovation was included in the model, evidencing partial rather than full mediation (Kijkasiwat & Phuensane, 2020).

This mediating effect of innovation suggests that while access to funding provides SMMEs with the necessary resources, it is the investment in innovation that truly unlocks the potential for enhanced financial performance. Innovation Capacity Initiatives enable firms to develop new products, improve processes, and respond more effectively to market changes, thereby maximising the benefits derived from additional funding. The statistical significance and large increase in R-squared reinforce the importance of fostering an innovative culture within SMMEs to fully capitalise on available financial resources (Khan et al., 2022)

Moreover, the findings indicate that innovation does not entirely account for the relationship between funding and financial performance, but it does explain a significant portion of it. This

partial mediation highlights that while direct funding can improve financial outcomes, a substantial part of this positive effect is realised through enhanced innovation capacity.

These results advocate for a dual focus in SMME support strategies, improving access to funding and simultaneously encouraging innovation-driven initiatives. By recognising the mediating role of innovation, policymakers and business leaders can design interventions that not only provide financial resources but also cultivate environments where innovation thrives, ultimately leading to improved financial performance (Jin & Lee, 2020).

Further analysis revealed that the indirect effect of SMME funding on financial performance, channelled through innovation, accounted for a substantial portion of the total effect. This suggests that while funding directly influences financial outcomes, its impact is amplified when used to support innovative initiatives such as the development of new products, adoption of advanced technologies, or implementation of novel business processes. The test for mediation confirmed the statistical significance of this indirect path, reinforcing the conclusion that innovation is a critical mechanism through which funding translates into superior financial performance for SMMEs (Ng et al., 2020).

These findings align closely with the broader literature, which has consistently highlighted the pivotal role of innovation in mediating the relationship between financial inputs and organisational success. For example, a study by Oláh et al. (2021) found that innovative companies tend to leverage external funding more effectively, using it to create competitive advantages that drive profitability and growth. Their analysis of multiple empirical studies concluded that innovation acts as a catalyst, enabling firms to convert financial resources into tangible business outcomes more efficiently than non-innovative counterparts.

In addition, research by Bazrkar and Hajimohammadi (2021) demonstrated that access to finance is particularly beneficial for organisations that invest in research and development (R&D) and other innovative activities. Their study showed that innovative organisations not only achieve higher returns on investment but also exhibit greater resilience during periods of economic uncertainty. This evidence supports the notion that innovation does not merely complement funding but actively mediates its effects, enhancing the overall financial performance of SMEs.

Another pertinent study by Vătămănescu et al. (2020) emphasised the importance of external knowledge acquisition and collaborative innovation in maximising the value derived from SME funding. The researchers found that SMEs engaging in partnership-driven innovation were better able to translate financial investment into market success. This suggests that the mediating role of innovation extends beyond internal R&D to encompass a broader ecosystem

of knowledge sharing and collaboration, further strengthening the link between funding and financial outcomes.

In summary, the evidence gathered from the regression analysis in Chapter 5, corroborated by a wealth of supporting research, demonstrates that innovation plays a vital mediating role in the relationship between SME funding and financial performance. By funnelling financial resources into innovative projects and practices, SMEs can unlock new growth opportunities, improve operational efficiencies, and secure long-term competitive advantages. Policymakers and business leaders should therefore prioritise strategies that foster innovation alongside funding initiatives, ensuring that SMEs are equipped to translate financial support into sustained financial success (Civelek, 2022).

Chapter 7: Conclusions and Recommendations

7.1 Introduction

This chapter presents the key conclusions and recommendations derived from the study. The research explored the intricate relationships between SME funding, in particular ESD funding, and its impact on SME financial performance. The study also looked at the impact of innovation, and workforce development on financial performance, with particular emphasis on the mediating role of innovation and workforce development. The main hypothesis suggests that innovation and workforce development partially mediates the impact of ESD funding on the financial outcomes of SMMEs.

Through comprehensive regression analysis and review of relevant literature, the study found substantial evidence supporting this hypothesis. While direct funding significantly predicts financial performance, its effect is notably amplified when channelled through innovative and workforce development activities. These high-level results highlight the critical importance of fostering innovation and workforce development alongside financial support to achieve superior and sustained performance for SMMEs.

7.2 Principal Conclusions

Based on the findings from both empirical analysis and review of existing literature, this study arrives at several principal conclusions, each corresponding to the seven hypotheses tested. These conclusions collectively explain the multifaceted impact of ESD funding, innovation, and workforce development on the financial performance of SMMEs.

1. **H1:** ESD funding has a direct positive effect on SMME financial performance. The study confirms that ESD funding significantly enhances the financial outcomes of SMMEs, providing essential resources that support business growth and stability (Guo et al., 2020).
2. **H2:** ESD funding positively influences SMME innovation capability. Evidence demonstrates that access to ESD funding enables SMMEs to invest in innovative activities such as product development and technology adoption, thereby strengthening their innovation capability (Brixiová et al., 2020).
3. **H3:** ESD funding positively affects workforce development within SMMEs. The analysis indicates that funded SMMEs are more likely to allocate resources towards employee training and skills development, which supports organisational learning and adaptability (Rogers, 2003).

4. **H4:** Innovation capability is positively associated with SMME financial performance. The findings reveal that firms with higher innovation capability achieve superior financial results, underscoring innovation as a vital driver of profitability and competitiveness (El Chaarani et al., 2022).
5. **H5:** Workforce development positively affects SMME financial performance. The research shows that investment in workforce development not only enhances employee competencies but also translates into improved financial performance for SMMEs (Yakob et al., 2021).
6. **H6:** Workforce development mediates the relationship between ESD funding and financial performance. The results further establish that workforce development serves as a partial mediator, whereby ESD funding indirectly improves financial performance by enhancing the skills and capabilities of the workforce (Chinyamurindi et al., 2021).
7. **H7:** Innovation mediates the relationship between ESD funding and financial performance. Mediation analysis confirms that the effect of funding on financial outcomes is significantly amplified when channelled through innovative initiatives, validating innovation as a critical mechanism in this relationship (Matekenya & Moyo, 2022).

The study substantiates all seven hypotheses, highlighting that ESD funding alone is not sufficient for optimal financial performance. Instead, its benefits are maximised when coupled with deliberate investments in innovation and workforce development. These findings provide a foundation for policy recommendations aimed at fostering holistic support systems for SMMEs.

7.3 Access to Funding

The findings of this study clearly demonstrate that access to funding, particularly through ESD programmes, exerts a direct and significant positive impact on the financial performance of SMMEs. ESD funding acts as a critical enabler by providing the financial resources necessary for business growth, operational expansion, and improved stability. This direct relationship is evidenced by improved profitability and enhanced financial outcomes among funded SMMEs, supporting the conclusion that targeted funding initiatives are essential for fostering robust SMME sectors. These results are consistent with the broader literature, which highlights the pivotal role of financial access in driving the commercial success and sustainability of small businesses (Amadasun & Mutezo, 2022).

In addition to its direct effect on financial performance, access to funding substantially enhances the innovation capability of SMMEs. The evidence indicates that when SMMEs have reliable access to funding, they are better positioned to invest in innovative activities, such as

product development, technology adoption, and process improvements. This, in turn, strengthens their competitive positioning and ability to respond to market changes. The study's findings align with existing research, which highlights the importance of financial resources in stimulating innovation, thereby validating the role of funding as a catalyst for creativity and technological advancement within small enterprises. The mediating effect of innovation further amplifies the positive influence of funding on financial outcomes, making innovation support a vital component of funding strategies (Effiom & Edet, 2022).

Furthermore, the study establishes that access to funding positively influences workforce development initiatives within SMMEs. Funded firms are more likely to allocate resources towards employee training and skills enhancement, promoting organisational learning and adaptability. This investment in human capital not only improves workforce competency but also translates into measurable gains in financial performance. The research reinforces the view found in the literature that workforce development is integral to building resilient and high-performing enterprises. By confirming workforce development's mediating role in the relationship between funding and financial results, the study highlights the need for holistic support systems that combine financial, innovative, and human resource interventions to maximise the impact of funding on SMME success (Gherghina et al., 2020).

7.4 Workforce development initiatives

The findings of this study support the hypothesis that workforce development initiatives have a significant and positive relationship with SMME financial performance. Investments in employee training, skills enhancement, and organisational learning directly contribute to improved competencies, adaptability, and productivity, which in turn translate into measurable gains in financial outcomes for SMMEs. This highlights workforce development as a vital strategic lever for fostering enterprise growth and competitiveness (Eldridge et al., 2021).

Furthermore, the study establishes that workforce development plays a crucial mediating role in the relationship between funding and SMME performance. ESD funding, when directed towards enhancing human capital, not only increases the immediate financial resources available to SMMEs but also amplifies their long-term performance by equipping the workforce with the necessary skills and capabilities. This mediation effect highlights that the true value of funding is realised when it is coupled with deliberate efforts to strengthen workforce development, ultimately maximising the positive impact of financial support on SMME success. Collectively, these insights reinforce the importance of integrating financial, human resource, and capacity-building interventions to unlock the full potential of SMMEs (Kulathunga et al., 2020).

7.5 Innovation Capability

The findings on the impact of innovation capability of SMME performance confirm that innovation capability exerts a significant and positive influence on SMME financial performance. SMMEs that actively invest in innovation, whether through new product development, technology adoption, or process improvements, consistently achieve superior financial outcomes highlighting innovation as a key driver of enterprise success (Matekenya & Moyo, 2022).

Furthermore, the study highlights the crucial mediating role of innovation in the relationship between access to funding and financial performance. Access to ESD funding empowers SMMEs to pursue innovative initiatives, which in turn amplifies the positive impact of funding on financial results. These insights reinforce the importance of integrating innovation support into funding strategies, ensuring that financial assistance not only addresses immediate capital needs but also fosters long-term competitiveness and growth through enhanced innovation capability (Khan et al., 2022).

7.6 Financial Performance

The findings of this study provide evidence that SMME performance is significantly influenced by access to funding, innovation capability, and workforce development initiatives. The hypotheses tested confirm that ESD funding directly enhances financial outcomes for SMMEs, while also exerting an indirect effect by enabling greater investment in innovation and human capital. Specifically, the study validates the hypotheses that (1) access to funding positively impacts financial performance, (2) innovation capability acts as a critical mediator in strengthening this relationship, and (3) workforce development further amplifies the positive outcomes by equipping employees with the skills and adaptability required for sustained growth (Ratnawati, 2020)

Overall, SMME performance is driven not only by the availability of financial resources but also by the strategic deployment of these resources towards fostering innovation and building a skilled workforce. The relationship between these factors highlights the necessity for integrated support strategies that simultaneously address financial, innovative, and human capital needs. By analytically confirming the mediating roles of innovation and workforce development, this study highlights that a holistic approach is essential to unlocking the full potential of SMMEs and achieving lasting improvements in their financial performance (Zarrouk et al., 2020).

7.7 Theoretical Implications

This study offers several important theoretical implications for the literature on SMME financial performance, innovation, workforce development, and ESD funding. Firstly, it extends

resource-based theory by empirically demonstrating how innovation capability and workforce development function as strategic resources that mediate the impact of ESD funding on financial outcomes. By confirming the mediating roles of both innovation and workforce development, the research provides nuanced insights into the mechanisms through which external funding translates into sustainable performance improvements (Barney & Arian, 2005).

Secondly, the findings contribute to contingency theory by illustrating that the effectiveness of ESD funding is contingent on complementary investments in human capital and innovative processes. This challenges the notion that financial resources alone are sufficient for optimal performance, highlighting the need for a holistic approach that integrates funding with capacity and capability development (Otley, 2016).

Thirdly, the study advances existing models of SMME competitiveness by emphasising the interplay between financial, human, and innovative resources. It suggests that policies and support systems should be designed with these interdependencies in mind, thereby informing future theoretical frameworks that capture the complexity of SMME growth and sustainability in emerging economies (Lafuente, et al., 2020).

7.8 Implications for Relevant stakeholders

The findings of this study carry significant implications for a variety of stakeholders engaged in the SMME ecosystem, including policymakers, enterprise development agencies, investors, and SMME owners. For policymakers and ESD funders, the evidence highlights the necessity of designing support frameworks that go beyond mere financial assistance. Effective policy should integrate funding mechanisms with structured programmes aimed at enhancing innovation capacity and workforce skills, thereby maximising the impact of ESD investments. This approach will contribute to more resilient and competitive SMMEs, fostering broader economic development (Albats, et al., 2020).

For enterprise development agencies and support organisations, the results highlight the value of tailored interventions that address both human and innovative capital. Agencies should prioritise capacity building initiatives and facilitate knowledge transfer to empower SMMEs to leverage external funding effectively. Investors and funding bodies are encouraged to adopt a more holistic assessment of funding applications, considering the recipient's readiness to invest in innovation and workforce development as critical factors for long-term success (Tsuruta, 2020).

SMME owners and managers are also directly impacted by these findings. The research suggests that to fully benefit from ESD funding, they must proactively seek opportunities to enhance their workforce's skills and foster a culture of innovation within their organisations.

By adopting this integrated approach, SMMEs are better positioned to achieve sustainable financial performance and growth in increasingly competitive markets.

Collectively, these implications call for a collaborative effort among all stakeholders to build an enabling environment where financial, human, and innovative resources are developed in tandem. Such synergy is essential for driving meaningful and lasting improvements in SMME performance and their broader contribution to economic development.

7.9 Recommendations for Future Research

To further enhance the understanding and practical impact of these findings, future research should consider several key directions. Firstly, longitudinal studies are recommended to examine the long-term effects of ESD funding on SMME performance, innovation capability, and workforce development. Such research would provide valuable insights into the sustainability and evolving impact of integrated support interventions over time.

Secondly, comparative studies across different sectors and regions could uncover contextual variations in the effectiveness of ESD funding and capacity-building initiatives. By exploring sector-specific challenges and opportunities, researchers can offer more tailored recommendations for policy and practice in diverse economic environments.

Thirdly, future investigations should incorporate mixed-methods approaches, combining quantitative analysis with qualitative case studies or interviews. This would deepen the understanding of underlying mechanisms and provide richer, contextually grounded explanations for how innovation and workforce development mediate financial outcomes.

Additionally, research could explore the role of digital transformation and technology adoption as potential amplifiers of the benefits derived from ESD funding. Examining how digital tools and platforms facilitate innovation and skills development would be particularly relevant in the context of rapidly changing business landscapes.

Lastly, attention should be given to the perspectives of underrepresented groups within the SMME sector, such as women- or youth-led enterprises. Investigating their unique experiences and challenges in accessing and leveraging ESD funding can inform the design of more inclusive and effective support frameworks.

Collectively, these research avenues will not only validate and expand the current study's findings but also contribute to the ongoing development of evidence-based strategies for advancing SMME growth and resilience in emerging economies.

7.10 Conclusion

This study has comprehensively examined the multifaceted impact of Enterprise and Supplier Development (ESD) funding on SMMEs, with a particular focus on financial performance, innovation capability, and workforce development. The findings highlight the necessity for an integrated approach, where financial resources are complemented by targeted skills enhancement and a culture of innovation. Such synergy not only bolsters the sustainability and competitiveness of SMMEs but also amplifies their contribution to broader economic development. The research further highlights the importance of collaboration among stakeholders, including policymakers, funders, and SMME leaders, to create an enabling environment where resources and capacities are developed in tandem. Ultimately, this study provides a strong foundation for evidence-based strategies aimed at advancing SMME growth and resilience, while also identifying valuable directions for future research to ensure ongoing relevance and impact in a rapidly evolving business landscape.

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APPENDIX 1:

Questionnaire: The Impact of Enterprise Supply and Development Funds on SMMEs' Performance

Dear Respondent,

This structured questionnaire aims to explore how enterprise supply and development funds influence the performance of Small, Medium, and Micro Enterprises (SMMEs). Please respond honestly; your answers will be kept confidential and used for research purposes only.

Completing the questionnaire is expected to take approximately 10 to 15 minutes. This moderate amount of time spent ensures you have enough opportunity to thoughtfully consider each question while keeping the process efficient and accessible.

Your participation is entirely voluntary, and you may withdraw from the questionnaire at any point without any obligation or consequence.

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Please Note: All items in Parts C to F are rated using a 5-point Likert scale:

1 – Strongly Disagree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly Agree

Part A: Respondent Profile (Harel et al., 2020).

What is your position within the enterprise?

What is your age group? (18–24, 25–34, 35–44, 45–54, 55+)

What is your gender? (Male, Female, Non-binary/Other, Prefer not to say)

What is your highest level of education attained? (Primary, Secondary, Diploma, Bachelor's, Postgraduate, Other)

How many years have you worked in your current organization?

Part B: Firm Profile (Harel et al., 2020).

What is the age of your enterprise? (Years since establishment)

What is the legal status of your enterprise? (Sole Proprietorship, Partnership, Close Corporation, Private Company, Other)

What is your primary sector? (Manufacturing, Services, Trade, Agriculture, Other)

Approximately how many employees does your enterprise have?

What is the annual turnover of your enterprise? (<500k pa >500k pa)

What is the ownership structure? (e.g., Family-owned, Foreign-owned, Government-supported, Other)

Part C: Access to Funding

Please indicate your agreement with the following statements about your enterprise's access to funding (Yakob et al.,2021).

Our enterprise has sufficient access to supply and development funds.

The application process for development funds is straightforward.

Our organization regularly applies for external funding opportunities.

We have received funds specifically targeted at SMME development in the past three years.

Funding received has played a significant role in supporting our business operations.

Lack of funding is a major barrier to our growth.

Lack of external funding sources is a Barrier to Innovation

Part D: Workforce Development Initiatives (Demirkan et al., 2022).

Please indicate your agreement with the following statements regarding workforce development in your organization.

Our enterprise regularly invests in employee training programs.

We offer skill development opportunities that align with our business goals.

Our organization has structured mentorship or apprenticeship programs in place.

We provide support for employees to pursue further education or certification.

Employee retention rates have improved due to workforce development efforts.

Part E: Innovation Capacity Initiatives

Please indicate your agreement with the following statements regarding innovation within your organization (Aliasghar et al., 2023).

Our company regularly applies technologies in new products.

Our company regularly matches new technologies with ideas for new products.

Our company has introduced new or significantly modified processes for producing products or services.

Our employees regularly approach the external environment (e.g., universities, research institutes, foreign firms, government, etc.) to acquire technological knowledge.

Our company introduces new products and service innovations into the market more frequently than our competitors.

Our company quickly analyses and interprets new technology trends.

Part F: Financial Performance

Please indicate your agreement with the following statements regarding your firm's financial performance (Yakob et al., 2021).

Our enterprise's revenue has increased in the past three years.

This organisation uses the financial information in the financial statements to manage the business.

Profit margins have improved over the last financial year.

We have experienced growth in market share recently.

Our return on investment from development funds has met expectations.

Overall, the financial performance of the enterprise has improved as a result of accessing supply and development funds.

Thank you for your participation!

Strongly Disagree

Strongly Agree

Reference

Aliasghar, O., Sadeghi, A., & Rose, E. L. (2023). Process innovation in small-and medium-sized enterprises: The critical roles of external knowledge sourcing and absorptive capacity. *Journal of Small Business Management*, 61(4), 1583-1610.

- Yakob, S., Yakob, R., BAM, H. S., & Rusli, R. Z. A. (2021). Financial literacy and financial performance of small and medium-sized enterprises. *The South East Asian Journal of Management*, 15(1), 5.
- Harel, R., Schwartz, D., & Kaufmann, D. (2020). Funding access and innovation in small businesses. *Journal of Risk and Financial Management*, 13(9), 209.
- Demirkan, I., Srinivasan, R., & Nand, A. (2022). Innovation in SMEs: the role of employee training in German SMEs. *Journal of Small Business and Enterprise Development*, 2

Project Plan: Research on ESD Funds and SMME Performance

Duration: June – November (6 months)

Month	Key Activities	Deliverables / Milestones	Notes
June	- Literature review on ESD funds, workforce dev., innovation, and SMMEs - Finalize research design and methodology - Develop survey/interview instruments and data collection tools	- Comprehensive literature review report - Finalized research proposal - Piloted and finalized data collection instruments	Begin ethical approval process if needed
July	- Obtain ethical approval (if required) - Identify and recruit sample of SMMEs - Train research assistants (if any) - Launch pilot survey/interviews for testing instruments	- Ethical clearance obtained - Sampling frame and participant list - Pilot data collected and instrument refined	Adjust tools based on pilot feedback
August	- Full-scale data collection (quantitative surveys and/or qualitative interviews) - Monitor data quality and response rates	- Raw dataset compiled - Data quality reports	Regular progress checks and troubleshooting
September	- Data cleaning and preparation - Conduct preliminary descriptive statistics and exploratory analysis - Begin formal statistical analyses (regression, mediation models)	- Cleaned dataset - Preliminary analysis report	May iterate with additional data collection if needed
October	- Complete advanced data analysis - Interpret results - Draft research report / paper including findings related to H1, H2, and H3	- Draft of research findings and discussion	Share draft with advisor/peers for feedback
November	- Finalize research report based on feedback - Prepare presentation or publication materials - Submit report/paper- Plan dissemination (seminars, conferences)	- Final research report - Presentation slides- Submission confirmation	Disseminate findings to stakeholders

Additional Notes:

- **Resource planning:** Will Ensure availability of required software (e.g., SPSS, STATA, or SEM software), recording devices for interviews, and data management platforms.
- **Risk management:** Account for potential delays in data collection; have backup sampling plans.
- **Regular meetings:** Hold bi-weekly team meetings to track progress.

Consistency Matrix for Hypotheses on ESD Funds and SMME Outcomes

Hypothesis	Independent Variable(s)	Dependent Variable(s)	Literature review	Expected relationship	Measurement/Indicators	Data Source / Method of Analysis
H1: There is a positive relationship between access to ESD funds and the financial performance of SMMEs.	Access to ESD funds (e.g., amount received, frequency)	Financial performance of SMMEs (e.g., revenue growth, profitability, return on assets)	Guo, F., Zou, B., Zhang, X., Bo, Q., & Li, K. (2020). Financial slack and firm performance of SMMEs in China: Moderating effects of government subsidies and market-supporting institutions. <i>International Journal of Production Economics</i> , 223, 107530. (3)	Positive	Quantitative data on ESD fund amounts; firm financial statements; growth rates	Survey of SMME owners; Financial records; Regression analysis to test correlation and significance
H2: Access to ESD funds is positively associated with workforce development initiatives within SMMEs.	Access to ESD funds	Workforce development initiatives (e.g., training programs, employee skills upgrading, number of employees trained)	Brixiová, Z., Kangoye, T., & Yogo, T. U. (2020). Access to finance among small and medium-sized enterprises and job creation in Africa. <i>Structural Change and Economic Dynamics</i> , 55, 177-189. (2)	Positive	Number and quality of training programs; employee skill levels; participation rates	Survey/interview data from SMMEs; HR records; Correlation/regression analysis
H3: Innovation capability mediates the relationship between access to ESD funds and the financial	Access to ESD funds	Financial performance of SMMEs	Liang, L., Alam, A., Sorwar, G., Yazdifar, H., & Eskandari, R. (2021).	Mediated positive effect	Innovation indicators (R&D expenditure, patent counts, number of innovations); Financial performance metrics	Structural Equation Modeling (SEM) or mediation analysis on SMME survey data

Hypothesis	Independent Variable(s)	Dependent Variable(s)	Literature review	Expected relationship	Measurement/Indicators	Data Source / Method of Analysis
performance of SMMEs.						

Additional Notes:

- **Access to ESD funds** refers to Enterprise and Supplier Development funding/support provided to SMMEs.
- **Financial performance** typically includes metrics such as sales growth, profitability, or return on assets.
- **Workforce development initiatives** include any formal or informal employee training and skills development efforts.
- **Innovation capability** entails a firm's ability to generate and implement new ideas, products, or processes.
- Statistical analysis methods such as regression and mediation models would be used to validate the hypothesized relationships.

Article	Reference	Journal Name	Rating House	Rating
The valuation of management control systems in start-up companies	Davila, A., Foster, G., & Jia, N. (2015). The valuation of management control systems in start-up companies: International field-based evidence. <i>European Accounting Review</i> , 24(2), 207-239.	European Accounting Review	AJG	3
Startup valuation by venture capitalists	Miloud, T., Aspelund, A., & Cabrol, M. (2012). Startup valuation by venture capitalists: an empirical study. <i>Venture Capital</i> , 14(2-3), 151-174.	Venture Capital	AJG	2
Does supply chain finance improve SMEs performance?	Ali, Z., Gongbing, B., & Mehreen, A. (2020). Does supply chain finance improve SMEs performance? The moderating role of trade digitization. <i>Business Process Management Journal</i> , 26(1), 150-167.	Business Process Management Journal	AJG	2
The impact of financial support on the success of small, medium and micro enterprises in the EC province	Rungani, E. C., & Potgieter, M. (2018). The impact of financial support on the success of small, medium and micro enterprises in the Eastern Cape province. <i>Acta Commercii</i> , 18(1), 1-12.	Acta Commercii	AJG	1
Financial slack and firm performance of SMMEs in China	Guo, F., Zou, B., Zhang, X., Bo, Q., & Li, K. (2020). Financial slack and firm performance of SMMEs in China: Moderating effects of government subsidies and market-supporting institutions. <i>International Journal of Production Economics</i> , 223, 107530.	International Journal of Production Economics	AJG	3
Examining the mediating role of innovativeness in the link between core competencies and SME performance	Ng, H. S., Kee, D. M. H., & Ramayah, T. (2020). Examining the mediating role of innovativeness in the link between core competencies and SME performance. <i>Journal of Small Business and Enterprise Development</i> , 27(1), 103-129.	Journal of Small Business and Enterprise Dev	AJG	2
Did firm age, experience, and access to finance count?	Cowling, M., Liu, W., & Zhang, N. (2018). Did firm age, experience, and access to finance count? SME performance after the global financial crisis. <i>Journal of Evolutionary Economics</i> , 28, 77-100.	Journal of Evolutionary Economics	AJG	2
Entrepreneurial passion and SMEs' performance	Adomako, S., & Ahsan, M. (2022). Entrepreneurial passion and SMEs' performance: Moderating effects of financial resource availability and resource flexibility. <i>Journal of Business Research</i> , 144, 122-135.	Journal of Business Research	AJG	3
Government support and small-and medium-sized enterprise (SME) performance	Park, S., Lee, I. H., & Kim, J. E. (2020). Government support and small-and medium-sized enterprise (SME) performance: the moderating effects of diagnostic and support services. <i>Asian Business & Management</i> , 19, 213-239.	Asian Business & Management	AJG	2
The interrelationship between SME government support programs, entrepreneurial orientation, and performance	Nakku, V. B., Agbola, F. W., Miles, M. P., & Mahmood, A. (2020). The interrelationship between SME government support programs, entrepreneurial orientation, and performance: A developing economy perspective. <i>Journal of Small Business Management</i> , 58(1), 2-31.	Journal of Small Business Management	AJG	3
Public SME grants and firm performance in European U	Dvouletý, O., Srhoj, S., & Pantea, S. (2021). Public SME grants and firm performance in European Union: A systematic review of empirical evidence. <i>Small Business Economics</i> , 57(1), 243-263.	Small Business Economics	AJG	3
Lack of access to external finance and SME labor productivity	Motta, V. (2020). Lack of access to external finance and SME labor productivity: does project quality matter?. <i>Small Business Economics</i> , 54(1), 119-134.	Small Business Economics	AJG	3
Financial fragmentation and SMEs' access to finance	Calabrese, R., Girardone, C., & Scip, A. (2021). Financial fragmentation and SMEs' access to finance. <i>Small Business Economics</i> , 57(4), 2041-2065.	Small Business Economics	AJG	3
Entrepreneurs' social capital and the economic performance of small businesses	Hernández-Carrión, C., Camarero-Izquierdo, C., & Gutiérrez-Cillán, J. (2017). Entrepreneurs' social capital and the economic performance of small businesses: The moderating role of competitive intensity and entrepreneurs' experience. <i>Strategic Entrepreneurship Journal</i> , 11(1), 61-89.	Strategic Entrepreneurship Journal	AJG	4
Research design: Qualitative, quantitative, and mixed methods approaches	Creswell, J. W., & Creswell, J. D. (2017). <i>Research design: Qualitative, quantitative, and mixed methods approaches</i> . Sage publications.	Sage publications	n/a	n/a
Qualitative research: deductive and inductive approaches to data analysis	Azungah, T. (2018). Qualitative research: deductive and inductive approaches to data analysis. <i>Qualitative research journal</i> , 18(4), 383-400.	Qualitative research journal	n/a	n/a
Doing Research in Business and Management.	Saunders, M., & Lewis, P. (2012). <i>Doing Research in Business and Management</i> . Edinburgh Gate: Pearson.			
Research methods for business students	Saunders, M., Lewis, P., & Thornhill, A. (2016). <i>Research methods for business students</i> (7th ed.). Edinburgh Gate: Pearson.			
Social research methods	Bryman, A. (2016). <i>Social research methods</i> . Oxford university press.		n/a	n/a
Internet, phone, mail, and mixed-mode surveys	Dillman, D. A., Smyth, J. D., & Christian, L. M. (2014). <i>Internet, phone, mail, and mixed-mode surveys: The tailored design method</i> (4th ed.). Wiley.		n/a	n/a
Research methodology: A step-by-step guide for beginners	Kumar, R., Singh, R., & Ahuja, S. (2019). <i>Research methodology: A step-by-step guide for beginners</i> (4th ed.). SAGE Publications.	SAGE Publications	SJR	Q2
Small, Medium and Micro Enterprises in South Africa.	Stats SA. (2022). <i>Small, Medium and Micro Enterprises in South Africa</i> .		n/a	n/a
Firm resources and sustained competitive advantage	Barney, J. (1991). Firm resources and sustained competitive advantage. <i>Journal of Management</i> , 17(1), 99-120.	Journal of Management		
Theory of the firm: Managerial behavior, agency costs and ownership structure	Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. <i>Journal of Financial Economics</i> , 3(4), 305-360.	Journal of Financial Economics	AJG	2
Diffusion of innovations	Rogers, E. M. (2003). <i>Diffusion of innovations</i> (5th ed.). Free Press.		n/a	n/a
Dynamic capabilities and strategic management.	Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. <i>Strategic Management Journal</i> , 18(7), 509-533.	Strategic Management Journal	AJG	4
Antecedents, consequences, and challenges of small and medium-sized enterprise digitalization.	Eller, R., Alford, P., Kallmünzer, A., & Peters, M. (2020). Antecedents, consequences, and challenges of small and medium-sized enterprise digitalization. <i>Journal of Business Research</i> , 112, 119-127.	Journal of Business Research	AJG	3
Digital-related capabilities and financial performance	Nasiri, M., Ukko, J., Saunila, M., Rantala, T., & Rantanen, H. (2020). Digital-related capabilities and financial performance: the mediating effect of performance measurement systems. <i>Technology analysis & strategic management</i> , 32(12), 1393-1406.	Technology analysis & strategic management	AJG	2
Access to finance among small and medium-sized enter	Brixiová, Z., Kangoye, T., & Yogo, T. U. (2020). Access to finance among small and medium-sized enterprises and job creation in Africa. <i>Structural Change and Economic Dynamics</i> , 55, 177-189.	Structural Change and Economic Dynamics	AJG	2
Information technology innovation and its impact on job	Chege, S. M., & Wang, D. (2020). Information technology innovation and its impact on job creation by SMEs in developing countries: an analysis of the literature review. <i>Technology Analysis & Strategic Management</i> , 32(3), 256-271.	Technology Analysis & Strategic Management	AJG	2

APPENDIX 2 :



CERTIFICATION OF DATA ANALYSIS SUPPORT

(Additional support retained or not - to be **completed by all students**)

Please note that failure to comply and report on this honestly will result in disciplinary action

I hereby certify that (please indicate which statement applies):

- ***I DID NOT RECEIVE*** any additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report:

If any additional services were retained– ***please indicate below which:***

- Statistician (N/A)***
- Transcriber (N/A)***
- Editor (N/A)***
- Other (please specify...(N/A).....)***

Please provide the name(s) and contact details of all retained:

NAME: ...***(N/A)***.....

EMAIL ADDRESS:***(N/A)***.....

CONTACT NUMBER: ...***(N/A)***.....

TYPE OF SERVICE:***(N/A)***.....

I hereby declare that all *statistical write-ups and thematic interpretations of the results for my study* were completed by myself without outside assistance

NAME OF STUDENT:

.....Fulufhelo Mavhungu.....

SIGNATURE:

.....

STUDENT NUMBER:

.....24078931.....

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...24078931@mygibs.co.za.....

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APPENDIX 3

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