Gordon Institute of Business Science
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Sustainability-oriented supplier development for SMEs: exploring challenges and opportunities for inclusive supply chains

Student Number: 23032643

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

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Abstract

This study explores how small and medium-sized enterprises (SMEs) in South Africa experience Sustainability-Oriented Supplier Development (SSD) within evolving and institutionally fragmented environments. SSD has been recognised as a pathway toward inclusive industrialisation and sustainable competitiveness, yet limited research captures its dynamics in emerging economies. Guided by an interpretivist paradigm, the study adopted a qualitative, exploratory design using semi-structured interviews with SME owners and managers across manufacturing and service sectors. Data were analysed thematically through an inductive process.

Findings indicate that policy, finance, infrastructure, and human capital shape SME engagement in SSD, functioning simultaneously as enablers and constraints. Relationships with corporates, financiers, government agencies, and mentors influence how SMEs sustain participation in sustainability practices. Two constructs, relational capability and adaptive legitimacy, emerged as explanatory mechanisms through which SMEs convert collaboration and trust into sustainable outcomes.

The study offers a relational-ethical interpretation of SSD, highlighting sustainability as a negotiated and contextually adaptive process rather than a prescriptive model. The findings contribute insight for scholars, policymakers, and practitioners seeking to strengthen inclusive supplier-development ecosystems in emerging markets

Key Words

Sustainability-Oriented Supplier Development, SMEs, Relational Governance, Adaptive Legitimacy, Emerging Markets

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: 23032643

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List of Acronyms and Abbreviations

BBBEE	Broad Based Black Economic Empowerment
DTIC	Department of Trade, Industry and Competition
ESG	Environmental, Social Governance
IDC	Industrial Development Corporation
OEM	Original Equipment Manufacturer
PPPFA	Preferential Procurement Policy Framework Act
RQ	Research Question
SAFA	South African Finance Agency
SME	Small and Medium Enterprises
SSD	Sustainability-Oriented Supplier Development
TFR	Transnet Freight Rail

Contents

1. Chapter 1 - Introduction to the Research Problem

1.1. Business Relevance

Sustainability-Oriented Supplier Development (SSD) has been increasingly recognised as a global business imperative, particularly as Environmental, Social and Governance (ESG) frameworks become embedded in global procurement systems (Jia, 2022). The World Economic Forum (2023) emphasises that resilient and inclusive supply chains are essential not only for maintaining competitiveness but also for addressing environmental and social risks. In response, buyers across sectors such as automotive, retail, and fast-moving consumer goods (FMCG) are increasingly cascading sustainability requirements to their suppliers, thus creating both opportunities and challenges for small and medium-sized enterprises (SMEs) (BBH, 2023).

In the South African context, SMEs represent between 50% and 60% of total employment and contribute significantly to GDP, making them central to national development (Onwu, 2024). Yet, as the World Bank (2019) notes, these enterprises operate in resource-constrained environments, characterised by limited finance, infrastructure deficiencies, and skills shortages. At the same time, SMEs face increasing pressure to align with national and global sustainability practices, particularly in meeting the ESG requirements embedded within supply chain integration (Novotny, 2023).

South Africa's policy framework, comprising of Broad-Based Black Economic Empowerment (BBBEE) and public procurement regulations, is designed to promote participation within supplier development initiatives. The National Planning Commission (2020) indicates that these interventions are inconsistently implemented, resulting in limited impact on SMEs. This paradox, where SMEs are crucial to economic resilience yet remain excluded from the full benefits of supplier development, highlights the importance of exploring their lived experiences within SSD. Without such insights, as Huq and Stevenson (2020) caution, sustainability initiatives risk devolving into symbolic gestures that fail to foster genuine capacity-building.

This research positions South African SMEs within sustainability dialogues, offering valuable insights for corporates, policymakers, and investors seeking to design inclusive and contextually grounded SSD initiatives. Without effective SME engagement in SSD,

there is an increased risk of exclusion from global value chains and a deepening of socio-economic inequalities within local economies (World Economic Forum, 2024).

This study examines how South African SMEs adapt to sustainability pressures in fragmented institutional environments, focusing on the relational and contextual mechanisms involved in supplier development.

1.2. Theoretical Relevance

Sustainable Supplier Development (SSD) has evolved into a distinct area within sustainable supply chain management (SCM), shifting away from traditional models focused solely on efficiency and cost reduction. Today, SSD increasingly incorporates social and environmental considerations, reflecting a broader understanding of sustainability (Pedroso et al., 2021; Benton et al., 2020). However, as Jia et al. (2023) point out, much of the existing research continues to centre on large buyers in developed economies, often overlooking the experiences and challenges of SMEs in developing contexts. This bias may neglect the institutional and resource constraints that influence the adoption of sustainability practices.

Silva et. al. (2019) emphasise that current frameworks often assume institutional maturity and supplier readiness, conditions rarely found in emerging markets. Additionally, Huq and Stevenson (2020) note that suppliers in such contexts face coercive, mimetic, and normative pressures, leading to “decoupling” where sustainability is adopted superficially. This highlights a gap in scholarship that privileges compliance metrics over context-sensitive analysis.

The need for interpretivist, qualitative inquiry is also highlighted in SSD research. Jia et al. (2023) point out the lack of integration with approaches that foreground supplier perspectives, particularly in developing economies. By adopting a phenomenological and interpretivist design, this study responds to calls for more nuanced exploration of supplier narratives, contributing to theoretical debates on how sustainability practices are shaped by institutional voids, stakeholder dynamics, and local realities (Busetto et al, 2020).

This study emphasises the relational and adaptive aspects of sustainable development, contributing to the understanding of sustainability as a negotiated and context-embedded process, rather than a linear compliance trajectory.

1.2.1. Why the Research Questions Are Important

RQ1 - How do contextual factors shape SMEs' ability to engage in sustainable supply chain practices?

Contextual factors, including policy, finance, infrastructure, and human capital, significantly impact the ability of suppliers to implement sustainability practices (Jia et al., 2023; Coskun et al., 2022). Huq and Stevenson (2020) illustrate that inadequate regulatory enforcement in developing economies leads to symbolic compliance instead of meaningful engagement. Mokoena (2022) demonstrates that power asymmetries and institutional weaknesses within Southern African supermarket supply chains limit the ability of SMEs to engage effectively.

Without examining these contextual factors, SSD risks being conceptualised as a uniform model rather than one requiring adaptation to diverse environments. Understanding context, therefore ensures that SSD frameworks and interventions are grounded in the lived operating conditions of SMEs in emerging markets, increasing both theoretical relevance and practical effectiveness.

RQ2 - What roles do key stakeholders play in enabling or constraining SME participation in sustainable supply chains?

Stakeholder theory posits that actors such as buyers, NGOs, and government bodies influence supply chain practices by acting as drivers, facilitators, and inspectors (Siems et al., 2023). Yawar and Seuring (2017) highlight that power asymmetries frequently result in one-sided demands for compliance, lacking corresponding investment in supplier capability. Civera et al. (2019) note that sustainability efforts often fall short when small and medium-sized enterprises (SMEs) are excluded from the co-creation process. Instead of imposing top-down mandates, Huq and Stevenson (2017) highlight the value of relational approaches, where stakeholders work together through capacity building and shared investment, which show to be more effective in driving meaningful and lasting change.

Investigating stakeholder roles is essential to understanding whether SSD initiatives in South Africa empower SMEs or establish dependency. This knowledge contributes to the literature on stakeholder dynamics in supply chains while offering practical pathways for designing inclusive and collaborative SSD models that reflect the realities of developing economies.

1.3. Research Questions

1. How do contextual factors shape SMEs' ability to engage in sustainable supply chain practices? (Jia et al, 2023)

2. What roles do key stakeholders play in enabling or constraining SME participation in sustainable supply chains? (Bai, 2019 and Huq & Stevenson, 2020)

1.4. Research Aims

This study explores how the unique contextual factors and stakeholder relationships shape the way small and medium-sized enterprises (SMEs) in South Africa engage with Sustainability-Oriented Supplier Development (SSD). It aims to understand how environmental, social, and ethical principles are woven into supplier development practices in an emerging economy setting, where challenges are complex, but the potential for impact is significant.

Guided by an interpretivist approach, this study seeks to understand how SMEs and their stakeholders perceive and navigate the processes of SSD in their everyday realities. It focuses on identifying how factors such as policy, finance, infrastructure, and market conditions interact with buyer–supplier relationships to shape sustainability outcomes.

The research also aims to contribute to the understanding of how stakeholder collaboration, trust, and capability building support the adoption of SSD in contexts characterised by institutional and resource constraints. Through this research, the goal is to offer meaningful insights that not only enrich academic conversations around sustainable supply chain management but also support practical efforts to help SMEs play a more active and empowered role in supplier development initiatives.

1.5. Theoretical Contribution

This study contributes to the understanding of Sustainability-Oriented Supplier Development (SSD) within the context of small and medium enterprises (SMEs) in South Africa. It examines how contextual factors and stakeholder relationships influence the implementation of SSD and the achievement of sustainability outcomes.

This research contributes theoretically by showing how trust, collaboration, and open communication, key relational elements, shape supplier development in environments where formal institutional support is limited. It demonstrates that sustainability practices don't emerge in isolation but are deeply influenced by the interplay between external pressures and the quality of relationships connecting buyers, suppliers, and other stakeholders.

The study potentially refines existing SSD literature by highlighting how stakeholder relationships, built on trust, collaboration, and shared knowledge, can support capability building and ethical practices. It offers a different perspective by framing SSD not just as a compliance-driven process, but as a relational journey shaped by the connections between stakeholders.

1.6. Scope of Study

This study focuses on small and medium-sized enterprises (SMEs) in South Africa that are involved in sustainability-oriented supplier development (SSD). SMEs are the backbone of the country's economy, making a significant contribution to GDP. Yet, they continue to face deep-rooted challenges, such as limited access to finance, underdeveloped infrastructure, and a shortage of skilled labour that leave them vulnerable within supply chains (Onwu, 2024; World Bank, 2019). By placing SMEs at the centre of the analysis, this research addresses a critical gap in SSD literature, which has largely concentrated on large buyers in developed economies (Jia, Stevenson & Hendry, 2023).

1.6.1. Geographical and Sectoral Scope

Geographically, the research is situated in South Africa, where unique policy frameworks such as Broad Based Black Economic Empowerment (BBBEE) and localisation

strategies are designed to enhance supplier inclusivity. However, implementation has been uneven, often limiting the intended impact for SMEs (National Planning Commission, 2020). This makes South Africa an important case study for examining how institutional contexts shape SSD practices. Sectorally, the study incorporates SMEs across both manufacturing and service industries, offering comparative insight into how contextual pressures and opportunities manifest differently across sectors (Mokoena, 2022).

1.6.2. Theoretical Scope

The study is confined to sustainability-oriented supplier development, defined as supplier development initiatives that embed environmental, social, and economic dimensions into capacity-building processes (Pedroso et al, 2021; Benton et al, 2020). It does not consider traditional supplier development activities that are solely focused on operational metrics such as cost or efficiency. Instead, the focus is on how contextual factors and stakeholder dynamics affect SME participation in SSD (Huq & Stevenson, 2020; Siems et al, 2023).

Additionally, the study is positioned within sustainability and supply chain management scholarship, while drawing on complementary perspectives from stakeholder theory. Stakeholder theory provides a lens to explore how different actors enable or constrain SME engagement in SSD (Siems et al., 2023). In addition, the study aligns with an interpretivist perspective, emphasising the importance of lived experience and meaning making in shaping how SMEs navigate sustainability (Silva et al, 2019). Importantly, the study does not attempt to build or test a unifying theory but rather seeks to extend the SSD literature by contextualising frameworks to a developing economy setting.

1.7. Overview of the Research Report

This study follows an interpretivist logic connecting purpose, theory, and evidence across chapters. **Chapter 1** introduces the study's aim to explore how contextual factors and stakeholder dynamics influence Sustainability-Oriented Supplier Development (SSD) among South African SMEs, within the interpretivist paradigm. **Chapter 2** situates SSD within the literature, highlighting how context and collaboration co-produce

sustainable capability. **Chapter 3** justifies an interpretivist qualitative methodology to uncover meaning through SME and stakeholder narratives, while **Chapters 4 and 5** detail the emergent themes derived from the process. **Chapter 6** integrates these findings with existing literature, refining SSD as a relationally enacted, ethically sustained process. **Chapter 7** synthesises these insights into a revised conceptual framework that closes the loop between context, stakeholder dynamics, and sustainability outcomes.

2. Chapter 2 Literature Review

2.1. Introduction

Over the past three decades, the idea of sustainability has brought a major shift in how supply chain management is understood. While early supplier development efforts focused mainly on improving efficiency, quality, and reducing costs (Kraus et al., 2000), today's thinking has evolved. Contemporary research places supplier development within a broader sustainability framework, one that balances economic performance with environmental care and social responsibility (Jia et al., 2023; Bai & Satir, 2022). This move reflects a growing recognition that competitiveness and ethical responsibility are interwoven concepts of organisational legitimacy (Elkington, 1999).

Sustainability-Oriented Supplier Development (SSD) extends conventional supplier development by embedding environmental and social goals within supplier capability enhancement programmes (Wiratmadja & Tahir, 2021). In this framework, buyer firms collaborate with suppliers through joint initiatives such as knowledge transfer, technical assistance and shared performance measurement. For developing economies, SSD offers more than a mechanism for competitiveness, it serves as a pathway for inclusion, enabling small and medium enterprises (SMEs) to integrate into local and global value chains under emerging sustainability imperatives. This literature review therefore synthesises key discussions within SSD scholarship to establish the theoretical base for examining how contextual factors and stakeholder relationships influence SSD implementation.

2.1.1. Literature Review Roadmap

To provide clarity and structure, the literature review is organised around the research questions. The roadmap (see Figure 1) illustrates how the review progresses from establishing the foundations of Sustainability-Oriented Supplier Development (SSD) as a body of scholarship, through an exploration of contextual factors, and finally to an examination of stakeholder roles. Each section is aligned with one of the research questions, ensuring a coherent thread that links the theoretical base with the empirical focus of this study.

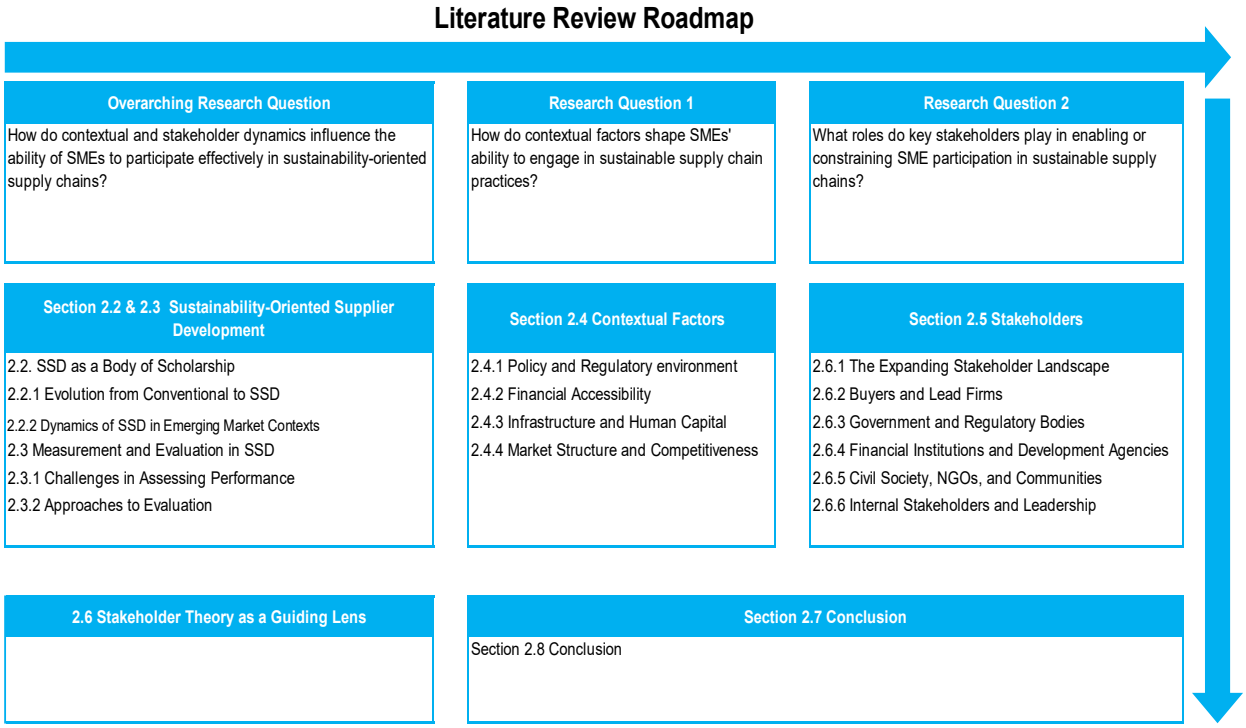

Figure 1: Literature Review Roadmap

2.2. SSD as a Body of Scholarship

2.2.1. Evolution of Sustainability-Oriented Supplier Development Literature

SSD has evolved from early compliance-based interpretations towards collaborative, learning centered and ethically embedded approaches. Initial work situated in developed economies viewed supplier upgrading as a linear progression enforced by dominant buyers (Humphrey & Schmitz, 2002; Busse et al, 2016). This view assumed sustainability would cascade once standards were imposed.

Contemporary scholarship reconceptualises SSD as a relational and context-responsive process. Huq & Stevenson (2020) highlight that in emerging markets, suppliers must navigate institutional fragility, relying on trust as opposed to formal control. Jia, Stevenson and Hendry (2023) show that absorptive capacity and relationship quality determine sustainable depth. Albareda et al. (2018) highlight the importance of ethical and social engagement as the cornerstone of achieving sustainable performance.

Recent research further strengthens this relational turn. Benton et al, (2020) differentiate transactional from relational governance, showing that mutual commitment outperforms compliance. Bai and Satir (2022) along with Siems et al. (2023) identify joint capability development as a key driver of sustained improvement. Brookbanks and Parry (2022) further illustrate that a learning-oriented approach combined with relational governance fosters supplier resilience in emerging markets, emphasising that sustainable upgrading emerges through ongoing collaboration. Together, these studies conceptualize SSD as a dynamic process of social negotiation, where sustainability is co-created through partnership, mentorship, and shared responsibility.

2.2.2. Dynamics of SSD in Emerging Market Contexts

SSD in developing economies unfolds through iterative, relationship driven processes. Sustainability adoption depends on adaptive learning and ethical leadership (Huq & Stevenson, 2020; Jia et al, 2023). Within these ecosystems, suppliers, buyers and financiers co-crate legitimacy through transparency, accountability and joint investment in improvement.

Ethical engagement and collective responsibility operate as informal governance mechanisms that sustain cooperation when regulation is weak. SMEs build credibility through fairness and reliability, cultivating trust among partners. Liu et. al. (2021) show that relational trust and continuous knowledge exchange are predictors of sustainability. Complementary studies underscore key enabling factors such as financial support, infrastructure, and collaborative platforms. Gregory (2023) emphasises the role of blended finance mechanisms in facilitating SME investment, while Mokoena (2022) associates infrastructure reliability and technological readiness with enhanced supplier resilience. Additionally, Brookbanks and Parry (2022) affirm that a strong learning orientation amplifies these positive effects.

Across these strands, SSD success in emerging markets depend on relational engagement that converts contextual fragility into learning opportunities. Sustainability, therefore, is understood as a dynamic social practice rooted in trust, guided by mentorship, and driven by a shared commitment to ethical values.

2.3. Measurement and Evaluation in SSD

2.3.1. Challenges in Assessing Performance

Although the rationale for Sustainable Supply Development (SSD) is well established, empirical evaluations remain inconsistent. Existing measurement frameworks range from eco-efficiency indices to social impact assessments, yet they often lack cross-industry comparability (Fu et al., 2012). Golicic and Smith (2013) were among the first to observe that many firms disproportionately focus on environmental metrics, frequently overlooking social dimensions such as labor empowerment and community welfare. More recent meta-analyses (Jia et al., 2023) reinforce this concern, revealing significant methodological fragmentation, only 32% of SSD studies employ multidimensional metrics that encompass both environmental and social outcomes.

Emerging scholarship advocates integrative performance systems that link supplier sustainability outcomes to buyer competitiveness. For instance, Silver and Hartwig (2023) demonstrate that balanced scorecards incorporating carbon reduction, ethical sourcing and innovation yield stronger relational performance. However, methodological diversity continues to restrict cross-study comparability, particularly in developing contexts where supplier data quality is weak (Huq & Stevenson, 2020). These gaps constrain cross-study comparability and hinder theoretical generalisation.

2.3.2. Approaches to Evaluation

Globally, three dominant approaches underpin SSD evaluation:

1. Capability-based evaluation assesses suppliers' ability to internalise sustainability routines through learning and technology adoption (Fu et. al, 2012).
2. Outcome-based evaluations assess tangible improvements in environmental and social performance (Jia et al., 2023).
3. Relational evaluation emphasises trust, knowledge sharing, and commitment as key intermediary factors that connect SSD initiatives to long-term performance outcomes (Bai & Satir, 2022).

Recent research supports the use of mixed methods approaches, combining quantitative performance indicators with qualitative insights into relational dynamics (Siems et al., 2023). For example, global automotive supply chains now pair supplier

audits with developmental partnerships, resulting in dynamic performance dashboards that are continuously updated through digital traceability technologies.

2.4. Contextual Factors

Sustainability-Oriented Supplier Development (SSD) in emerging markets does not occur in a vacuum, it is inextricably intertwined with the broader contextual ecosystem that shapes firms' behaviour and learning. Context is not merely background, it functions as an active determinant of what forms of sustainability are possible, legitimate and enduring (Jia et. al, 2023).

2.4.1. Policy and Regulatory Environment

The policy environment defines the normative space within which sustainability can flourish. Recent research demonstrates that coherent regulatory regimes with predictable enforcement stimulates supplier investment in environmental and social upgrading, whereas regulatory inconsistency breeds short-term and symbolic compliance (Ambashi, 2023; Huq & Stevenson, 2020). Policy coherence also encourages collective learning by clarifying long-term goals and aligning public and private expectations (Bai & Satir, 2022). In emerging markets, where institutional fragility is pronounced, hybrid arrangements combining formal regulation and informal trust networks often sustain collaboration (Liu et al, 2021).

2.4.2. Financial Accessibility and Incentives

Limited access to affordable capital continues to hinder SMEs from investing in cleaner technologies or meeting certification requirements (Gregory, 2023; Siems et al., 2023). To address this challenge, innovative financial mechanisms, for example cost-sharing arrangements, deferred payment schemes, and relational credit, have emerged as adaptive solutions in environments where conventional collateral is unavailable (Bai & Satir, 2022). Joint investments in supplier capabilities not only build trust but also reinforce mutual commitment between partners (Liu et al., 2021).

2.4.3. Infrastructure, Technology and Human Capability

Mokoena (2022) finds that unreliable energy supply and logistic bottlenecks hinder production stability. Brookbanks & Parry (2022) show that technological readiness and

learning orientation reinforce innovation. Human capability acts as the ethical anchor of sustainability (Benton et al., 2020).

2.4.4. Market Structure and Competitive Dynamics

Bai & Satir (2022) observe that price-driven markets discourage sustainability investment, while relational markets enable collaborative upgrading. Sustainability becomes a competitive differentiator (Brookbanks & Parry, 2022).

2.5. Stakeholders

2.5.1. The Expanding Stakeholder Landscape

SSD now involves multiple stakeholders, such as public agencies, financiers, NGOs, and communities (Siems et al., 2023). This shift reflects a broader movement in global sustainability governance from corporate self-regulation toward networked governance (Albareda et al, 2018). Stakeholder Theory (Freeman, 2010) conceptualises value creation as balancing stakeholder expectations rather than shareholder returns. In SSD, this implies recognising the interdependence of environmental regulators, investors, civil-society advocates, and end-consumers who collectively define acceptable supplier behaviour.

2.5.2. Buyers and Lead Firms

Lead firms remain the orchestrators of SSD through their purchasing power and supply-chain visibility. Compliance-based and collaborative modes differ in learning impact (Yawar & Seuring, 2017; Jia et al., 2023). In the automotive and electronics sectors, collaborative governance has proven more effective in embedding sustainability because it encourages learning and innovation rather than superficial compliance (Jia et al., 2023). Benton et. al, (2020) explains this dynamic as an exchange relationship, buyers reduce supply risk by enhancing suppliers' competencies, while suppliers secure long-term market access through performance improvements.

A key insight from the literature is that power asymmetry plays an important role in the effectiveness of SSD initiatives. If buyers exert excessive control, suppliers may perceive sustainability requirements as coercive, resulting in low levels of commitment (Huq & Stevenson, 2020). Conversely, when buyers share risks and invest in supplier training, trust and reciprocity are enhanced (Bai & Satir, 2022).

2.5.3. Government and Regulatory Bodies

Governments shape SSD through incentives, regulation, and procurement (Huq & Stevenson, 2020; Albareda et al., 2018). Regulatory variation creates compliance complexity (Khanna & Palepu, 2010). In East Asia, industrial-policy agencies support supplier upgrading through joint innovation funds and technology-transfer centres (Ambashi, 2023).

However, the literature also cautions that regulatory heterogeneity across countries generates compliance complexity (Khanna & Palepu, 2010).

2.5.4. Financial Institutions and Development Agencies

Sustainability finance has become a critical enabler of SSD. Global development banks now tie lending conditions to environmental and social performance metrics. Private financial institutions, particularly in Europe and Asia, deploy green-bond and ESG-linked loan instruments to reward sustainable behaviour (Weber & Remer, 2011).

Gregory (2023) shows that blended finance models, where development finance institutions share risk with commercial banks, mobilise more capital for small suppliers. Such arrangements align with resource-dependence theory by mitigating the resource constraints that hinder sustainability adoption. Yet, empirical studies highlight persistent information asymmetries and verification costs that limit financing access for lower-tier suppliers (Stiglitz & Weiss, 1981).

2.5.5. Civil Society, NGOs, and Communities

Civil-society organisations mediate between global sustainability norms and local realities. NGOs often act as translators of standards, helping suppliers understand and implement codes of conduct (Siems, 2022). In Latin America and Africa, industry associations and non-profits have facilitated training and certification programs that substitute for weak state enforcement (Pedroso et al., 2021).

NGOs and community bodies translate sustainability norms into local practice (Pedroso et al., 2021). Community participation builds social legitimacy (Visser, 2008).

2.5.6. Internal Stakeholders and Leadership

At the micro-organisational level, leadership and organisational culture play a pivotal role in shaping how SSD objectives are understood and executed. Research shows that both transformational and relational leadership styles are positively associated with sustainability outcomes (Mi et al., 2019; Albareda et al., 2018). Specifically, transformational leadership, marked by vision, empathy, and empowerment, has a strong correlation with innovation and enhanced sustainability performance (Mi et al., 2019). Studies across Asia and Europe reveal that leaders who integrate sustainability into strategic narratives foster stronger employee commitment and supplier collaboration (Albareda et. al, 2018).

Cultural alignment plays a pivotal role in fostering sustainable relationships. Leadership inspired by Ubuntu principles, emphasising solidarity and mutual respect, offers a strong ethical foundation for relational sustainability (Mbigi, 2005). Such frameworks support stakeholder engagement that goes beyond transactional compliance, promoting deeper, values-driven collaboration.

2.6. Stakeholder Theory as a Guiding Lens

Stakeholder Theory views organisations as interdependent systems where sustainability arises from cooperation and moral engagement. Civera, Freeman & Lomi (2019) describe this as inclusive stakeholder learning, where legitimacy emerges through dialogue. Tseng et al. (2022) confirm that collaborative stakeholder pressures strengthen supplier sustainability outcomes.

Within this perspective, sustainability is achieved when organisations cultivate relational capacity through trust, transparency and continuous learning. Albareda et al. (2018) reciprocal engagement helps embed sustainability objectives into practice. Stakeholder theory therefore provides the conceptual grounding to examine how SMEs sustain ethical engagement and performance through interdependence and mutual support.

2.7. Conclusion

This chapter traced the evolution of SSD from efficiency-based to relationally oriented sustainability. Context and collaboration intersect to determine outcomes. Stakeholders

act as moral agents whose relationships confer legitimacy and continuity on sustainability practices. SSD can thus be understood as a moral and developmental partnership founded on trust, learning, and shared value. The synthesis also affirmed that stakeholders function as moral agents whose relationships confer legitimacy and continuity upon sustainability practices. The interplay between context and stakeholder agency creates a dynamic field where ethics, power and performance are co-constructed. From this perspective, SSD can be understood as a moral economy of mutual development, in which learning, trust and shared value supersede hierarchy and coercion.

2.7.1. Conceptual Framework

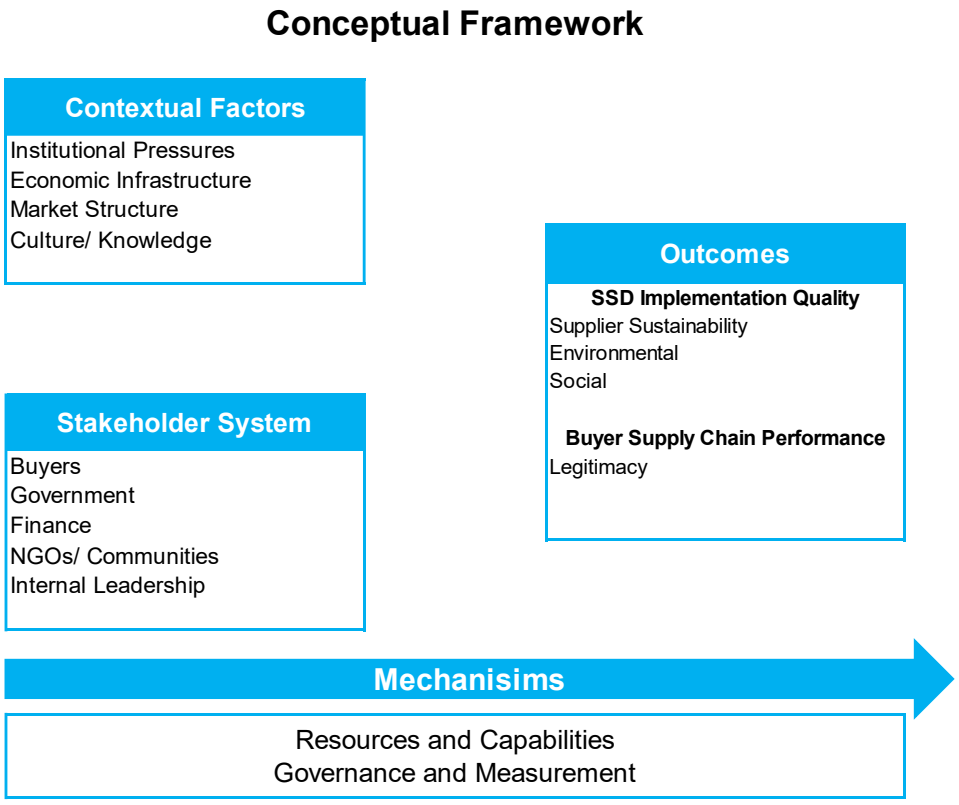

Figure 2: Conceptual Framework

The conceptual framework developed from the preceding synthesis integrates the two guiding research questions. Contextual factors constitute the external conditions that

influence SSD adoption. Stakeholder relationships mediate these contextual pressures through collaboration, capacity building and resource mobilisation. The interaction between context and stakeholders produces SSD outcomes in the form of enhanced supplier capability and improved sustainability performance.

3. Chapter 3 Research Questions

3.1. Introduction

The preceding chapters have demonstrated that sustainability-oriented supplier development (SSD) functions as a strategic tool through which buying firms advance sustainability goals upstream, aligning economic performance with both environmental and social outcomes. However, despite a growing body of international literature, SSD remains insufficiently explored in developing economies, where institutional voids, infrastructural constraints, and stakeholder imbalances significantly influence implementation. The scarcity of empirical evidence on how these contextual and relational factors unfold in emerging markets underscores the need for an exploratory research approach, guided by open-ended questions rather than predefined hypotheses.

This chapter outlines the scope of the study by introducing two overarching research questions, derived from the synthesis presented in Chapter 2. These questions provide a guiding framework for the subsequent empirical chapters, ensuring that data collection and analysis remain closely aligned with the gaps identified in the literature.

3.2. Research Questions

The literature reviewed in Chapter 2 revealed two key areas of theoretical and practical uncertainty. First, most of the SSD research is situated within developed economies, characterised by robust institutional structures and mature supplier networks (Jia et al., 2023; Bai & Satir, 2022). As a result, the influence of contextual factors on SSD adoption in resource-constrained environments remains underexplored. Second, although stakeholder theory is frequently employed to interpret collaborative sustainability initiatives, limited empirical attention has been given to the relative influence and interactions among diverse stakeholders (Siems et al., 2023; Albareda & Waddock, 2018).

Guided by these gaps, the study is structured around the following research questions:

1. How do contextual factors shape SMEs' ability to engage in sustainable supply chain practices? (Jia et.al, 2023)

2. What roles do key stakeholders play in enabling or constraining SME participation in sustainable supply chains? (Bai, 2019 and Huq & Stevenson, 2020)

These questions are interpretivist in nature and seek to uncover meanings, experiences, and mechanisms rather than to test predefined causal relationships. They are exploratory because, as indicated by Huq and Stevenson (2020) and Pedroso et. al, (2021), the complex interplay of policy, infrastructure, and stakeholder collaboration in SSD remains under-theorised for emerging markets.

4. Chapter 4 Research Methodology

4.1. Introduction

This study adopts an exploratory, inductive design to analyse how small and medium-sized enterprises (SMEs) interact with sustainability-oriented supplier development (SSD) initiatives. The aim is to uncover how specific sustainability challenges, supply chain structures, and stakeholder dynamics influence both the accessibility and effectiveness of SSD efforts. By allowing themes to emerge directly from the data naturally, rather than imposing predefined categories, the inductive approach aligns with the study's interpretivist philosophical foundation (Busetto, Wick & Gumbinger, 2020).

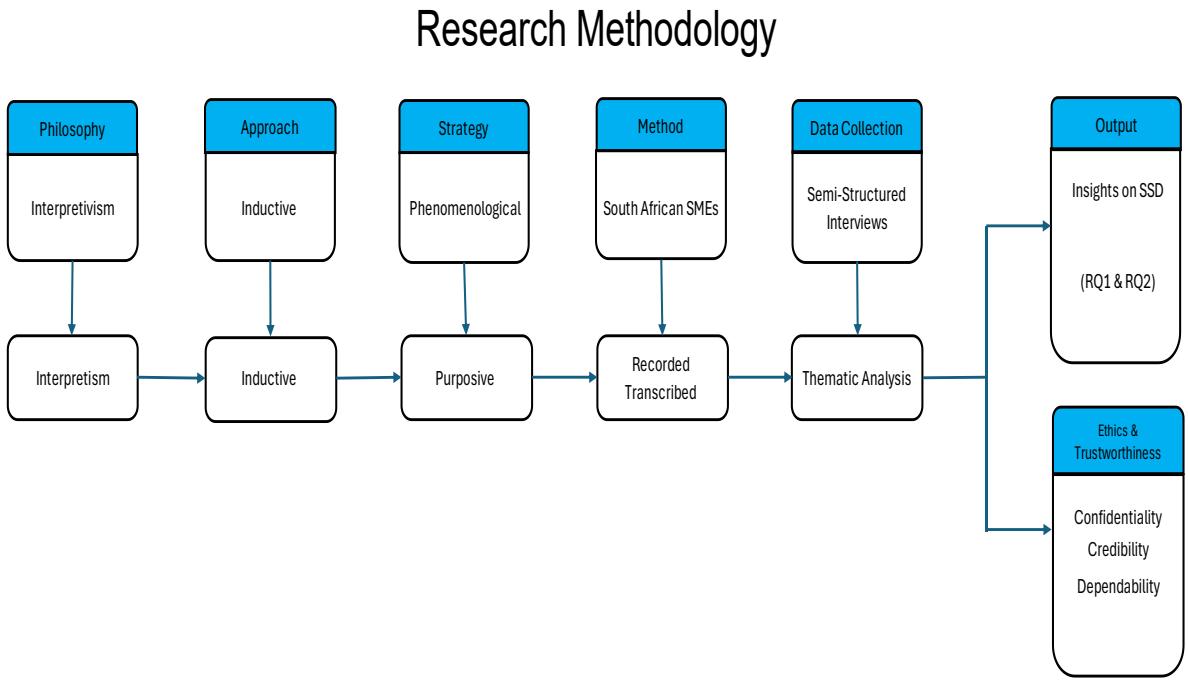

Figure 3: Research Method

4.2. **Philosophy**

This study was positioned within an interpretivist philosophical paradigm, which assumes that knowledge is constructed through individuals lived experiences and social contexts (Cresswell, 2018; Saunders et al, 2019). The phenomenological approach

compliments the interpretivist paradigm because both were interested in the individual's lived experiences and social contexts. The research sought to understand how small and medium-sized enterprises experience and interpret sustainability-oriented supplier development initiatives. Interpretivism is suitable because it supports an exploratory inquiry that foregrounds meaning-making, variation, and context rather than generalizability or prediction (Saunders & Lewis, 2019). Given that SSD remains an emerging field, particularly within the context of developing economies, this philosophical orientation enabled the study to surface context-specific insights that might otherwise be overlooked by more rigid positivist or functionalist approaches.

4.3. **Strategy**

The strategy was phenomenological, consistent with the study's objective to understand how SSD is experienced and interpreted by SMEs. The research drew on individual records to reveal insights into barriers, enablers, and contextual nuances that might not appear in quantitative or buyer-centric evaluations.

Methodological Choices

A mono-method qualitative research design was used. Primary data was collected through semi-structured interviews, which provided the freedom to investigate core themes whilst ensuring alignment with the research questions. This approach facilitated in-depth engagement with participants and enabled the researcher to explore emerging ideas in the moment (DeJonckheer & Vaughn, 2019).

4.4. **Population/ Setting**

The population comprised South African SMEs that have participated in supplier-development programmes. These SMEs varied by sector and scale but shared experience in SSD, allowing thematic diversity while maintaining relevance to the study focus.

4.5. **Unit of Analysis**

The primary unit of analysis was the interviews that were conducted, which was examined through individuals' perceptions as a lens on the organisational phenomenon (Bell & Bryman, 2022). Because data was collected via interviews with individuals, owners, managers, or supply chain/sustainability officers in the SME, the study examined individuals' perceptions of the organisational phenomenon. Each participant's experience with implementing or contributing to SSD within their SME was the unit of analysis for understanding the phenomenon.

4.6. **Sampling Method, Sampling Frame, Sample Size**

4.6.1. *Sampling Method*

The study used purposive sampling to deliberately select SMEs and interview participants who were information-rich and relevant to the research question (Palinkas et al., 2015). Purposive sampling was well-suited for qualitative research to identify cases that provided deep insight into the phenomenon of interest. Rather than random sampling, the researcher has intentionally recruited SMEs that meet specific criteria (see sampling criteria section below) thus ensuring that each participant was likely to yield appropriate and useful information about SSD. This approach aligns with the interpretivist paradigm, as it sought out those participants who have significant experience with the topic, thereby maximising the depth of understanding gained from a small sample (Saunders & Lewis, 2019). In qualitative inquiry, a smaller, targeted sample allowed the researcher to focus on depth over breadth, uncovering subtleties of each SME's experience with SSD as opposed to trying to generalise statistically to all firms.

4.5.2. *Sampling Criteria*

To be included in the study, SMEs and the individuals interviewed from them should meet the following criteria:

4.5.2.1. Type of Entity

Must qualify as an SME under South African guidelines, for example, businesses with fewer than 250 employees or below a certain annual turnover, typically categorised as small or medium enterprises.

Depending on feasibility, the study did further focus on a particular region, e.g., Gauteng province, to facilitate access, but with an aim for geographic diversity if possible.

4.5.2.2. Experience with SSD - Organisational Level

The SME has engaged in sustainability-oriented supplier development in some form. This could mean participation in a formal supplier development program with sustainability components, such as an ESD program by a larger corporation or government initiatives, or internal efforts to green their supply chain or build capacity among their suppliers in social/environmental aspects. Essentially, the SME should have a conscious experience of trying to improve suppliers' performance in areas like quality, environmental impact, social responsibility, etc.

4.5.2.3. Experience with SSD – Individual Level

The interview participant should be a person knowledgeable about the SME's supplier development effort, for example, the owner, a manager in charge of supply chain/procurement, or a sustainability manager. This individual should have been directly involved in planning or executing the SSD initiative or working closely with suppliers on development. They need to provide first-hand insight into the motivations, processes, and outcomes of SSD at their firm.

***4.5.3.** Sample Size*

Given the qualitative, in-depth nature of the study, the sample size has been kept relatively small. The researcher interviewed 12 participants (from as many distinct SMEs), or until data saturation was reached. Saturation is the point in qualitative research at which additional interviews will not yield new insights or themes (Guest et al. 2006). Studies have shown that many qualitative studies achieve saturation within roughly a dozen interviews when the participant group is diverse in experience. For example, Guest et al. (2006) found that theme saturation often occurs by the 12th interview in a diverse sample. Similarly, a review by Hennink and Kaiser (2022) indicates

10 to 16 interviews can suffice for saturation in a focused study. With a target of ~10 - 15 SMEs, this study has captured the major common themes, given that all selected firms meet the specific criteria above.

4.6. **Research Instrument**

4.6.1. Ensuring Instrument Quality

By following a systematic development process and pilot testing, the interview instrument has been both reliable and valid. Kallio et al. (2016) emphasise that a well-developed interview guide contributes to the study's trustworthiness and plausibility. Additionally, the researcher has remained reflexive during interviews, being mindful not to ask leading questions or introduce personal bias, and to adapt phrasing if needed to fit the participant's level of understanding. Overall, the semi-structured interview guide was the instrument that facilitated an in-depth, meaningful conversation with each SME participant about their sustainability and supplier development

4.7. **Data Collection**

Data were collected through semi-structured interviews, a method widely recognised for its effectiveness in qualitative research that seeks to understand participants' experiences, perceptions, and meanings (Creswell & Poth, 2016; Kvale & Brinkmann, 2015). This approach aligns with the study's interpretivist philosophical foundation and phenomenological strategy, of which both seek to understand the lived experiences of individuals within their unique socio-economic and institutional contexts (Saunders et al., 2019). The interviews were designed to explore how contextual factors and stakeholder relationships shape the implementation and impact of sustainability-oriented supplier development (SSD) among South African SMEs.

Following ethical clearance, email invitations were distributed to prospective participants who met the purposive sampling criteria. Each email explained the purpose of the study, outlined the voluntary nature of participation and attached both a Microsoft Teams meeting link and an informed consent form. This procedure is consistent with best

practices for ensuring transparency and autonomy in qualitative research (Bryman, 2016). Participants were encouraged to review and electronically sign the consent form before their scheduled interview and were afforded the opportunity to ask clarifying questions regarding confidentiality and withdrawal rights.

All interviews were conducted virtually via Microsoft Teams, allowing for broad geographical coverage and minimising scheduling constraints, a pragmatic adaptation consistent with post-pandemic qualitative research protocols (Salmons, 2022). Each interview lasted between 30 and 60 minutes and was audio-recorded and transcribed with participants' explicit consent to ensure accuracy and data integrity (Nowell et al., 2017).

To uphold ethical standards and enhance data credibility, all transcripts were anonymised immediately following transcription. Personal identifiers, company names, and specific geographic references were removed or replaced with pseudonyms (e.g., Man 1, Serv 2). This ensured compliance with confidentiality requirements and mitigated any potential harm to participants or their organisations (Saunders et al., 2019).

After anonymisation, participants were grouped according to their sectoral classification, either Manufacturing or Services, based on the nature of their operations. This categorisation supported comparative thematic analysis and enabled the researcher to assess whether distinct patterns emerged across industry types (Braun & Clarke, 2006). Such grouping reflects established qualitative practices for identifying thematic variation across participant subsets (Lewis, 2014).

The table below (Table 1) presents the anonymised participant list, including pseudonyms, sector classification, and organisational type. This classification provided the structural foundation for the thematic analysis in Chapter 5, which investigates how contextual, and stakeholder dynamics manifest differently across the manufacturing and service sectors.

Table 1: Participant List

No.	Participant	Group	Code
1	Respondent 1	Manufacturing	Man 1
2	Respondent 2	Manufacturing	Man 2
3	Respondent 3	Service	Serv 1
4	Respondent 4	Manufacturing	Man 3
5	Respondent 5	Service	Serv 2
6	Respondent 6	Manufacturing	Man 4
7	Respondent 7	Manufacturing	Man 5
8	Respondent 8	Service	Serv 3
9	Respondent 9	Manufacturing	Man 6
10	Respondent 10	Service	Serv 4
11	Respondent 11	Manufacturing	Man 7
12	Respondent 12	Service	Serv 5

4.8. **Data Analysis**

The data was analysed using a systematic inductive and deductive thematic process, guided by Braun and Clarke (2006, 2019) and Gioia et. al, (2013). This iterative process moved from descriptive coding to theoretical abstraction, explaining how contextual and stakeholder factors shape SSD among South African SMEs. The process was iterative and reflexive, involving cycles of familiarisation, coding, categorisation, and abstraction until theoretical saturation was achieved.

4.8.1. Organising and Preparing the Data

All recorded interviews were transcribed verbatim and anonymised immediately after transcription to ensure confidentiality and ethical compliance. Each transcript was reviewed for completeness and then imported into Microsoft Excel, which served as the central environment for data management. Using Excel provided a transparent and flexible structure for documenting quotations, assigning codes, and linking them to emerging themes and research questions. Each row represented an extracted quotation or statement, while columns were used to record the anonymised participant identifier,

the verbatim excerpt, the assigned first-order code, the evolving category or theme, and the relevant research question (RQ1 or RQ2).

This structure enabled a clear audit trail between raw data and theoretical abstraction, enhancing traceability and analytic transparency (Nowell et al., 2017; Sutton & Austin, 2015). It also allowed for cross-referencing between manufacturing and service respondents and for iterative refinement of themes as additional interviews were analysed.

4.8.2. First-Order Coding

The initial phase of analysis involved open coding, in which meaningful words, phrases, or sentences were extracted directly from the interview transcripts. Codes were labelled using participants' own language in accordance with in vivo coding practices (Charmaz, 2014), preserving the authenticity of respondents' voices. More than 350 initial codes were generated and systematically entered the Excel database. Through iterative reading and comparison, overlapping or similar codes were consolidated into coherent first-order categories that captured shared meanings across participant responses (Corbin & Strauss, 2014).

For example, participant responses referencing "government grants," "policy volatility," and "localisation mandates" were grouped under the theme Policy and Regulatory Environment, while mentions of "OEM mentorship," "technical guidance," and "training programmes" were classified under Knowledge Transfer and Mentorship. This process of refinement reflects Braun and Clarke's (2006) principle of data-driven thematic development, ensuring that the analysis remained firmly rooted in the empirical data.

4.8.3. Theoretical Themes

Following the consolidation of first-order categories, the next analytical stage entailed abstracting these into second-order theoretical themes that revealed underlying relationships and dynamics within the data. Excel was used to code related categories and track their evolution into broader thematic clusters. For example, categories associated with Policy and Regulatory Environment, Financial Constraints, and Infrastructure Limitations converged into the overarching theme of Contextual Barriers

and Enablers, while categories such as Knowledge Transfer, Mentorship, and Relational Learning were synthesised under Collaborative Capability Building.

Through repeated comparison and reflection, these themes captured both the external contextual conditions affecting SMEs (RQ1) and the internal and relational mechanisms through which stakeholder interactions influenced capability development (RQ2). The process was iterative and recursive, with the researcher continually moving between data extracts and thematic interpretation to ensure conceptual integrity.4.9.5 Step 4: Construct Development (Conceptual Leap)

Finally, the theoretical themes were synthesised into aggregate constructs representing the core phenomena underpinning SSD. This phase required the researcher to make a conceptual leap, translating patterns in the data into theoretically meaningful insights that could extend or refine existing SSD frameworks (Lewis, 2014). The resulting constructs, Stakeholder Interdependence, Institutional Embeddedness, Knowledge Exchange, and Capability Maturity, form the conceptual building blocks of the study's analytical framework.

4.8.4. Derivation of Aggregate Constructs

The final phase of the analysis involved synthesising the emergent themes into higher-order, aggregate constructs that capture the primary mechanisms driving sustainability-oriented supplier development (SSD). Drawing on the approach proposed by Gioia et al. (2013), this phase marked a shift from descriptive coding to theoretical abstraction. The resulting constructs, Institutional Embeddedness, Capability Maturity, Stakeholder Interdependence, and Knowledge Exchange, represented the key dimensions through which SMEs navigated and achieved sustainable supplier development outcomes.

The concept of Institutional Embeddedness highlighted the influence of regulatory environments, financial accessibility, and policy alignment on the performance of small and medium-sized enterprises (SMEs). Capability Maturity refers to the internal growth trajectories and adaptive competencies that enabled SMEs to respond effectively to changing conditions. Stakeholder Interdependence captures the complex relational networks among SMEs, original equipment manufacturers (OEMs), government agencies, and financial institutions, emphasising mutual reliance and collaborative dynamics. Knowledge Exchange encompasses the mechanisms of learning, skill

development, and technical mentorship that drive progress within supplier and skills development (SSD) initiatives. Collectively, these constructs provide the analytical framework supporting the findings and discussion presented in Chapter 5.

4.8.5. Construct Mapping

Table 2: Construct Mapping

Representative Codes (Direct Quotes)	First-Order Categories	Theoretical Themes	Aggregate Constructs	Respondent(s)	Research Question
"Electricity instability forced us to buy generators"; "Shortage of skilled artisans."	Infrastructure and Human Capital Gaps	Infrastructure and Operational Constraints	Capability Maturity	Man 5	RQ1
"Strikes and bad weather cause income loss"; "Transport disruptions affect gigs."	Mobility and External Disruptions	Infrastructure and Operational Constraints	Capability Maturity	Serv 2	RQ1
"Younger staff lack technical maths"; "Artisans have no experience."	Skills Shortages and Training Deficits	Human Capital Weaknesses	Capability Maturity	Man 1, Man 5	RQ1
"Competition is fierce on pricing and contracts"; "We must adapt to survive."	Market Volatility and Price Competition	Market and Competitive Pressures	Capability Maturity	Man 1, Man 7	RQ1
"E-hailing threatens us"; "Better equipment attracted big clients."	Technological Upgrading and Differentiation	Market and Competitive Pressures	Capability Maturity	Serv 1, Serv 2	RQ1
"Staff with 20–30 years of service ensure stability."; "Younger workers lack motivation."	Workforce Stability vs. Renewal	Internal Stakeholders (Employees)	Capability Maturity	Man 2, Man 6	RQ2
"Profit-sharing keeps employees motivated."; "Safety is our top internal value."	Employee Motivation and Safety Culture	Internal Stakeholders (Employees)	Capability Maturity	Serv 1	RQ2
"We became a B-BBEE Level 1 supplier..."; "Government localisation policy helped us exist."	Empowerment and Localisation Policies	Policy and Regulatory Environment	Institutional Embeddedness	Man 1, Man 5, Man 7	RQ1
"Frequent changes in import/export regulations delay supplies"; "Legal recourse takes years."	Regulatory Instability and Weak Enforcement	Policy and Regulatory Environment	Institutional Embeddedness	Man 1, Man 3	RQ1
"Clients now ask us to report carbon emissions"; "Safety compliance keeps contracts."	Environmental and Safety Requirements	Environmental and Social Pressures	Institutional Embeddedness	Serv 1	RQ1
"Finance is an external factor not within our control"; "Government agencies like IDC and SEFA support us."	Access to Finance and Development Funds	Financial Enablers and Constraints	Institutional Embeddedness	Man 4, Serv 3	RQ1
"Cash injections helped us grow"; "Late client payments mess up operations."	Liquidity and Cash Flow Management	Financial Enablers and Constraints	Institutional Embeddedness	Serv 1, Serv 2	RQ1
"DTIC helps with export missions"; "Government funding and localisation support us."	Government and Policy Enablers	Government and Policy Stakeholders	Institutional Embeddedness	Man 4, Man 7	RQ2
"Banks finance our fleet"; "DFIs fund capital equipment."	Financial Institutions and DFIs	Financial Stakeholders	Institutional Embeddedness	Man 4, Serv 1	RQ2
"Government and OEM programmes uplift SMEs from subsistence."	Public–Private Development Interface	Cross-Sector Collaboration	Institutional Embeddedness	Man 4, Serv 4	RQ2
"OEMs taught us process improvements and quality standards."	Technical Knowledge Transfer	Knowledge Transfer & Mentorship	Knowledge Exchange	Man 3, Man 6	RQ2
"Mentorship restored our business when we were failing."	Strategic and Emotional Mentorship	Knowledge Transfer & Mentorship	Knowledge Exchange	Serv 2, Serv 3	RQ2
"Collaboration with OEMs improved delivery and reduced NCRs."	Continuous Improvement and Feedback	Relational Learning and Co-Creation	Knowledge Exchange	Man 3, Serv 2	RQ2
"OEM replaced 20-year-old machines"; "Their processes improved our efficiency."	Corporate Machinery and Process Support	Large Corporate Customers & OEMs	Stakeholder Interdependence	Man 1, Man 3	RQ2
"Our primary stakeholder Transnet represents 60% of sales."	Dependency on Large Customers	Large Corporate Customers & OEMs	Stakeholder Interdependence	Man 2	RQ2
"Family-run and community-based operations support resilience."	Family and Community Embeddedness	Internal Stakeholders (Family & Leadership)	Stakeholder Interdependence	Serv 5	RQ2
"Corporate referrals gave us new clients"; "Supplier development accelerated our growth."	Corporate Linkages and Development Support	Developmental Partnerships	Stakeholder Interdependence	Serv 2, Man 5	RQ2
"Dependence on one customer is risky, but their work sustains us."	Relational Dependence	Power Asymmetry and Reliance	Stakeholder Interdependence	Man 2	RQ2

4.9. **Data Storage**

To ensure the ethical handling and protection of the participants' data in this study, a robust data storage strategy will be implemented. This strategy will be aligned with best practices for data security, confidentiality, and compliance with ethical standards for academic research.

4.9.1. Use of Secure Cloud-Based Storage

All research materials, including interview recordings, transcripts, consent forms, and analytic notes, will be securely stored in a cloud-based environment with restricted access. A reputable cloud service provider, such as Microsoft OneDrive or Google Drive, will be used to ensure data encryption, access control, and real-time backup capabilities. Multi-factor authentication (MFA) and password protection will be enabled to restrict access to authorised personnel only.

4.9.2. Data Deletion and Record Destruction

When data is no longer justifiably required, appropriate steps will be taken to ensure it is permanently destroyed. For digital data, this includes secure deletion using data erasure software compliant with international standards. For any hardcopy records, secure shredding will be employed. These processes are essential to eliminate the risk of unauthorised access or data breaches after the research is concluded.

4.10. **Research Quality and Rigour**

4.10.1. Trustworthiness and Quality Control

In qualitative research, ensuring trustworthiness is crucial to validate that the findings are credible and dependable. This study implemented multiple strategies to enhance the quality and trustworthiness of the research, framed by Kyngas's (2020) criteria of credibility, transferability, dependability, and confirmability.

4.10.2. Approach Selected

Thematic analysis was used as the primary method for analysing the qualitative data collected. Adopting the framework set out by Braun and Clarke (2006; 2019), the analysis has proceeded through six recursive phases (Figure x): "familiarisation with the

data, generation of initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final report". As Braun and Clarke argue, thematic analysis is not simply a technique but a theoretically flexible method that allows rich, detailed, and nuanced interpretation of participant experiences.

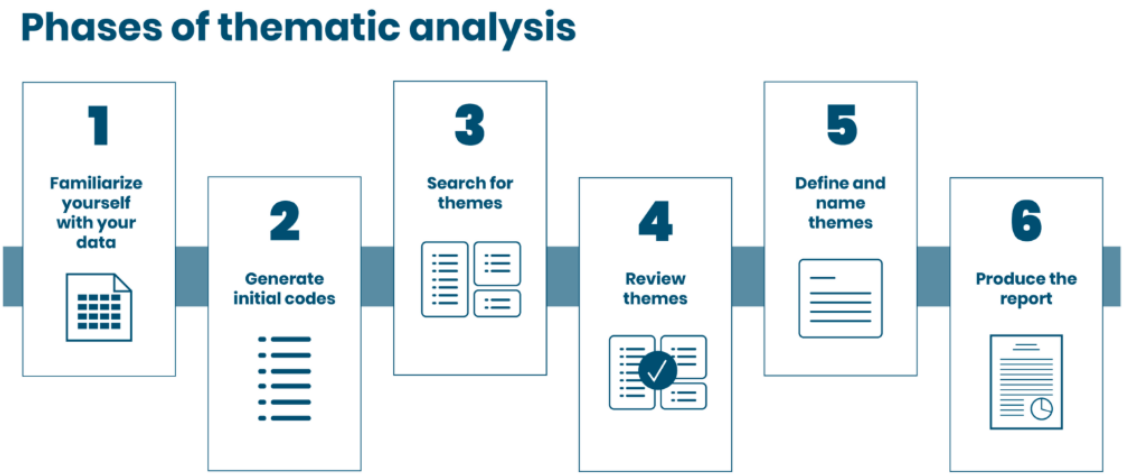

Figure 4: Source: Braun and Clarke (2006)

In alignment with the study's interpretivist stance and phenomenological methodology, a qualitative thematic analysis was employed to explore participants lived experiences. This approach recognises the researcher's active role in the construction of meaning, consistent with the epistemological view that themes emerge through iterative and reflexive engagement with participant narratives (Braun & Clarke, 2006). Data was drawn from twelve semi-structured interviews conducted and analysed using an inductive coding strategy. The initial phase of coding involved identifying applicable phrases and recurring concepts articulated by participants, which were subsequently organised into thematic categories aligned to the study's research questions. A meticulously developed codebook guided the analytical process, with codes refined and validated through repeated readings. The final outcome was a set of prominent codes and keywords organised by research question, forming the foundation for deeper thematic interpretation.

Using this coding framework, repeated patterns, convergent viewpoints, and occasional contradictions in the data were identified. To enhance the credibility and depth of the analysis, each theme was substantiated with multiple data points drawn from a range of

participants. This cross-validation across interviews strengthened the analytical rigour and ensured that the themes reflected shared patterns rather than isolated views. To illustrate each theme, direct quotations from participants are presented, allowing their voices to be seen in their own words. While minor edits were made to some quotations for clarity and readability, every effort was taken to preserve the original meaning, tone, and intent of the participants' narratives. Each thematic section below is organised by major themes emerging from the data, with interpretive commentary linking back to the research questions.

4.10.3. Time Horizon

A cross-sectional time horizon has been adopted. The data was collected at a single point in time to generate a snapshot of how SSD is currently experienced by SMEs. This is appropriate given the research's exploratory focus and resource constraints (Saunders & Lewis, 2019).

4.11. **Ethical Considerations**

Ethical principles include informed consent, confidentiality, voluntary participation, and minimisation of harm (Babbie, 2020; Resnik, 2020). Ethical approval has been obtained from the GIBS Ethical Clearance Review Board.

4.12. **Limitations**

While this study offers valuable insights, it is not without limitations. Most notably, the findings are based on a small, purposively selected sample, which may constrain the extent to which they can be generalised to the broader population of SMEs. This limitation is inherent in qualitative research, where depth of understanding is prioritised over broad applicability (Ochieng 2009). Secondly, participants may be hesitant to share negative experiences due to concerns about confidentiality or repercussions from donor companies. To tackle this concern, the study ensured participant anonymity and prioritised ethical considerations throughout the research process. Lastly, researcher bias, an inherent limitation in qualitative analysis due to the subjective nature of interpretation (Ochieng, 2009), was mitigated through triangulation using secondary

data sources and participant validation. These strategies were employed to enhance the credibility and reliability of the findings.

5. Chapter Five – Findings

5.1. Introduction

This chapter presents a thematic analysis of interviews conducted with SME owners and managers, centring on their experiences with sustainable supply chain practices and supplier development initiatives. The analysis is situated within the context of an emerging market environment, where SMEs often contend with intense survival pressures and resource constraints. The research questions are examined through this lens, offering insights into how these enterprises navigate and respond to sustainability and development imperatives under challenging conditions. The purpose of this inquiry is to uncover the barriers they face, such as regulatory constraints, limited resources, and challenging market conditions. Gaining insight into these themes is essential for informing strategies and policies that promote greater SME inclusion in sustainability-oriented supply chains.

5.2. Adapted Conceptual Framework

The adapted conceptual model presented in Figure 4 synthesises the empirical findings with the theoretical foundations established in Chapter 2. It demonstrates that SSD among South African SMEs is shaped through the dynamic interaction between contextual factors and stakeholder relationships. Contextual elements such as policy, finance, infrastructure, and market conditions form the structural environment within which SMEs operate, while stakeholder relationships with corporates, government, financiers, and employees serve as relational enablers.

The intersection of these two dimensions gives rise to a set of relational mechanisms, i.e. trust, mentorship, collaboration, and reciprocity, that mediate how sustainability is enacted in practice. These mechanisms give rise to two emergent constructs, namely relational capability, which denotes the ability to transform stakeholder interdependence into mutual value creation, and adaptive legitimacy, which reflects the moral authority earned through sustained ethical behaviour and alignment with stakeholder expectations. Together, these constructs form the foundation for sustainable outcomes,

including enhanced SME resilience, strengthened ethical credibility, and the promotion of inclusive growth.

The model therefore refines SSD theory by portraying sustainability not as a linear compliance process but as a relationally enacted and ethically sustained system, where collaboration and moral engagement transform contextual fragility into opportunity.

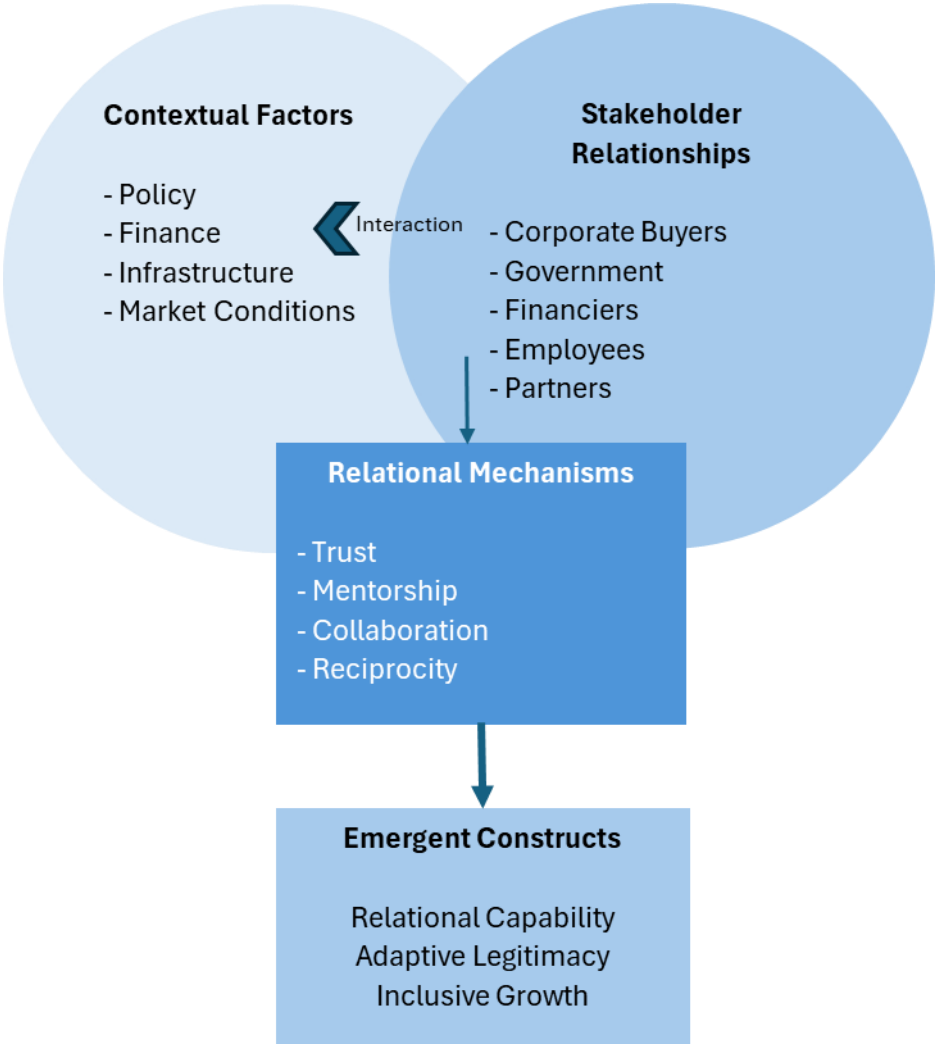

Figure 5: Adapted Conceptual Framework (Authors own source)

5.3. RQ1 - Contextual Factors

The analysis of Research Question 1 examined how contextual factors influence the implementation of sustainability-oriented supplier development (SSD) among

participating SMEs. The frequency of topic occurrence across Manufacturing and Service SMEs was not measured through simple counts but through a qualitative intensity analysis. This method recognises that the depth and recurrence of themes within narrative data carry more interpretive value than numerical frequency alone (Braun & Clarke, 2019; Nowell et al., 2017).

Table 3 below summarises the comparative frequency and prominence of the key themes across the two participant groups. The frequency is expressed using three qualitative levels, High (multiple recurring mentions and strong elaboration), Moderate (consistent mentions but less elaboration), and Low (few or peripheral mentions).

Frequency levels (High, Moderate, Low) were determined based on the number of coded excerpts associated with each theme, triangulated across participants and degree of elaboration. Themes with ten or more coded references and substantial narrative emphasis were classified as High, those with five to nine coded references were Moderate, and those with fewer than five were Low.

Table 3: RQ1 Frequency Table

Contextual Factor	Manufacturing SMEs	Service SMEs
Policy and Regulatory Environment	**High** - Participants frequently cited localisation mandates, B-BBEE compliance, and inconsistent policy enforcement as significant influences.	**Moderate** - Participants referenced compliance requirements and municipal regulations but viewed these as external constraints rather than strategic levers.
Financial Enablers and Constraints	**High** - Access to funding from DFIs and delays in payments were central to survival and expansion discussions.	**High** - Financial instability and limited cash flow were recurrently cited as critical barriers to sustainability adoption.
Infrastructure and Operational Constraints	**High** - Load-shedding, power reliability, and equipment access were frequently discussed.	**Moderate** - Service SMEs mentioned ICT infrastructure and digital connectivity as concerns but less critical than power.
Human Capital and Skills Development	**High** - Skills shortages and training needs were discussed in nearly all interviews.	**Moderate** - Skills were mentioned in the context of client engagement rather than production capabilities.
Market and Competitive Pressures	**Moderate** - Competition from imported goods and pricing volatility were noted.	**High** - Service SMEs emphasised market saturation, client retention, and reputation management as dominant challenges.
Environmental and Social Pressures	**Moderate** - Some firms discussed ESG audits and sustainability certification.	**High** - Social responsibility and local community impact emerged as strong, recurring topics.

5.3.1. Policy and Regulatory Environment

5.3.1.1. Manufacturing SMEs Quotes

Table 4: Policy and Regulatory Environment Manufacturing Quotes

"We became a B-BBEE Level 1 manufacturer and supplier, which gave us [an] advantage." (Man 1, 13:09)
"Frequent changes in import/export regulations. For example, six months ago an issue with import codes delayed supplies for a month. These rule changes harm sustainability." (Man 1, 13:09)
"In this country, one of the biggest problems with your external or macro environmental factors is the lack of legal recourse if someone doesn't pay you. The procedure to sue them for that money just takes years and years and years. You know, and I can see why people don't want to invest, because to go after someone legally for either stealing from you [or] cancelling a contract, it's just a nightmare. It's not worth doing most of the time. You just walk away. But I can't see how an economy can grow when you've got that huge macro environmental factor hanging over you. That's a major inhibitor." (Man 3, 2:54)
"To me, the BEE policy as a macro environmental factor is interesting. Because it was the right thing to do in this country in the 90s. There's no doubt if it hadn't been done, a lot of the whites would have just closed doors or closed ranks and not let anybody in. So it was a system created to force the doors open. And I think it worked very well. Certainly the first 10 years it did more good than harm." (Man 3, 2:54)
"in South Africa with the broad-based black economic empowerment framework, it encourages us to develop." (Man 5, 8:55)
"Government's localisation policy has helped. That's why we exist, to supply local. We're Level 2 B-BBEE, which makes us a favourable supplier to SOEs. That legislation supports us." (Man 7, 12:42)

"But recently, changes to the Preferential Procurement Policy Framework Act (PPPFA) removed some localisation notes. This opened the market to more imports. It's disappointing, we spent millions localising. We don't want protection from competition, but we want a level playing field. Legislation has failed localised entities here." (Man 7, 12:42)

5.3.1.2. In-Group Analysis

For manufacturing SMEs, the policy and regulatory environment was consistently framed as both an enabler and a constraint. Empowerment and localisation policies provided access advantages, particularly in securing state-owned enterprise contracts. Yet, frequent changes in trade regulations, weak legal enforcement mechanisms and policy reversals undermined this stability.

5.3.1.3. Services SMEs Quotes

Table 5: Policy and Regulatory Environment Service Quotes

"It's obviously issues of environmental that has an impact of sustainability in future." (Serv 1, 4:50)
"a big one for us is the is around legislation and also the drive to lower global warming. So that it's a threat to our business in the sense that currently our vehicles, they're using their combustible engines. So we've had one or two clients ask request us to give them indications as to how much carbon emissions we've emitted" (Serv 1, 6:25)

5.3.1.4. In-Group Analysis

One service SME focused less on general regulation and more on industry-specific standards, especially environmental compliance. The same SME further noted growing client requests for emissions reporting.

5.3.1.5. Cross-Group Comparison

Both groups acknowledged the influence of external regulation, but the emphasis differed. Manufacturers experienced direct impacts from empowerment and procurement legislation, while services felt indirect impacts from environmental expectations. The analysis demonstrates that policy context shapes both sectors, but its

form and intensity vary. Manufacturers manage shifting state frameworks, whereas services adapt to client sustainability requirements.

5.3.1.6. Conclusion

The analysis shows that policy and regulatory environments were described as both enablers and constraints, depending on their consistency. For manufacturers, predictable procurement and empowerment frameworks appeared important, and for services, environmental compliance was increasingly salient. This indicates that policy shapes SME participation differently across sectors, but in both, its role is central and defining.

5.3.2. Finance

5.3.2.1. Manufacturing SMEs Quotes

Table 6: Finance Manufacturing Quote

"External factors, well, mainly finance to start with. It's an external factor that is not within our control." (Man 4, 5:59)

5.3.2.2. In-Group Analysis

Finance emerged as the dominant external factor for one manufacturer. The respondent noted cash flow struggles, with external grants or supplier development funds making the difference between stagnation and growth. Given capital intensity, external finance was portrayed as particularly consequential.

5.3.2.3. Services SMEs Quotes

Table 7: Finance Service Quotes

"Kind of like significantly lower [overheads] because we've had a cash injection into the business. So that has helped us a lot and being able to grow the company, increase revenue and compete. Maybe not fairly, but I mean it's, a fringe benefit that we've enjoyed. So yeah, it has assisted us a lot and also yeah, driving revenue, increasing profitability." (Serv 1, 1:50)

"Every business needs funds to operate. For me to get from one location to another, I need petrol. If I'm travelling with freelancers, I need to cater for them. After the shoot, as agreed, I must pay them. If I don't receive funds from a shoot on time, it makes things difficult and messes up the business flow. Freelancers may not want to work with me again. Money is always a factor, without it, any business struggles to operate." (Serv 2, 8:25)

5.3.2.4. In-Group Analysis

For service SMEs, the main financial challenge described was liquidity management. Late payments from clients caused operational bottlenecks, while capital injections improved profitability and allowed scaling. Financial pressures were described as immediate and tied to daily business continuity rather than long-term asset purchases. Services, therefore, rely on predictable cash inflows and occasional external cash injections, to maintain stability. Their survival hinges less on heavy assets and more on managing payment cycles effectively.

5.3.2.5. Cross-Group Comparison

Both groups treated finance as decisive, but manufacturers stressed long-term capital constraints while services emphasised day to day liquidity. The analysis highlights that finance functions differently depending on sector needs, yet in both contexts, external financial support enabled stability and expansion. This demonstrates that SMEs view finance as both an enabler when available and a constraint when absent. Across both groups, external financing was associated with stability and expansion.

5.3.2.6. Conclusion

Finance appeared to delineate the scope of participation for SMEs. Manufacturers described needs for structured support to acquire equipment and scale, while services emphasised timely client payments and occasional external cash injections. Across both groups, finance is an external determinant of sustainable supply chain engagement. In both groups, access to appropriate finance was linked to participation and continuity.

5.3.3. Infrastructure & Operations

5.3.3.1. Manufacturing SMEs Quotes

Table 8: Infrastructure and Operations Manufacturing Quotes

"and also that affect the business is like our electricity, we have challenges but a generator that helps us in that and we know not to depend on what's supposed to have been a continuous supply." (Man 5, 13:22)
"and then also shortage of labor artisans that's a real touchy part because you know, well, I know when we have studied to become artisans, we serve apprenticeships and we went for trade test. In these couple of years we get lots of people going for crash courses, going for trade test and this coming out, so there's no experience." (Man 5, 13:22)

5.3.3.2. In-Group Analysis

One manufacturer cited electricity instability and artisan shortages as disruptions. Generators were needed to maintain operations, while skill gaps were said to slow production efficiency. These accounts position infrastructure and skills availability as preconditions for smoother operations.

5.3.3.3. Services SMEs Quotes

Table 9: Infrastructure and Operation Service Quote

"Gigs are set on a specific day, specific time. If I'm unable to get to the gig because of a strike, that's loss of income. Some clients understand, but not always. Same for bad weather: if it’s so hectic I can’t get there, I sometimes decide to protect myself and my equipment for future sustainability, even if it means losing that day’s gig." (Serv 2, 7:12)

5.3.3.4. In-Group Analysis

A service firm cited strikes and weather disruptions as barriers. Missed engagements meant lost income and clients did not always accept the circumstance. Here, infrastructure context was experienced as environmental access and safety rather than utilities.

5.3.3.5. Cross-Group Comparison

Both groups experienced infrastructure as an external constraint, although in different forms. Manufacturers focused on electricity and skills supply, while services faced transport and weather disruptions. In both cases, instability was associated with reduced reliability and added costs.

5.3.3.6. Conclusion

Participants accounts suggest infrastructure conditions affect operational reliability. For manufacturers, electricity and skills were salient, for services, transport and safety dominated.

5.3.4. Human Capital

5.3.4.1. Manufacturing SMEs Quotes

Table 10: Human Capital Manufacturing Quotes

"A new problem is education quality. Younger staff lack technical maths and skills compared to older workers. In five years, we may face shortages of properly trained employees." (Man 1, 13:09)
"and then also shortage of labor artisans that's a real touchy part because you know, well, I know when we have studied to become artisans, we serve apprenticeships and we went for trade test. In these couple of years we get lots of people going for crash courses, going for trade test and this coming out, so there's no experience." (Man 5, 13:22)

5.3.4.2. In-Group Analysis

Manufacturers expressed concern about declining quality of education and insufficient vocational training. Younger workers were described as lacking technical mathematic skills and practical experience. The analysis implies potential future staffing constraints and additional in-house training burdens.

5.3.4.3. Services SMEs Quotes

Service respondents did not raise any form of skills shortages.

5.3.4.4. Cross-Group Comparison

Manufacturers reported skills shortages, while services did not. This divergence may reflect sector specific skills requirements.

5.3.4.5. Conclusion

The human capital context was evident for manufacturing but absent for services, suggesting different exposure to technical skills pipelines.

5.3.5. Market & Competition

5.3.5.1. Manufacturing SMEs Quotes

Table 11: Market and Competition Manufacturing Quotes

"Customers support you when business is good, but competition means they always compare pricing and quality. You can't always rely on them returning. We focus on best lead times and competitive pricing, but even that can be challenged." (Man 1, 7:31)
"the landscape we operate in is contractually based. If you don't have a tender or contract in hand, you're without business. That's the main challenge. Our main customer is unpredictable. You have to roll with the punches. It's a feast-or-famine scenario, when you feast, you feast enough to survive the famine." (Man 7, 5:32)

5.3.5.2. In-Group Analysis

Manufacturers described competition and contract unpredictability as salient features. Dependence on tenders and variable demand cycles were associated with volatility in workloads and planning.

5.3.5.3. Services SMEs Quotes

Table 12: Market and Competition Service Quotes

"Shared services from the likes of E hailing and etcetera. So yeah, those are threats that are there. To honestly feel in as much as e-heading is a threat to us, I think there's issues of safety. So safety is a big one. So we can get away with it at the moment in

the sense that most of our clients that seem to best put a premium on safety." (Serv 1, 10:03)
"In my case, ever since I've received assistance and funding in this regard, I've managed to be along the line of professionals and attract quality clients with big budgets. It has improved a lot on my business side." (Serv 2, 1:11)
“Before, I was using a small machine to process and edit footage, and it used to be slow. Sometimes it affected delivery time. Clients would become impatient and in future they end up not considering you. But with this current equipment that I managed to get, I am now able to process things in record time, provide quality footage, whether photographic, videographic, streaming, or design services. It has really improved the business a lot. I'm starting to see better results than before.” (Serv 2, 1:11)

5.3.5.4. In-Group Analysis

Service SMEs described competitive pressures from disruptive entrants and rising client standards. Some differentiated on safety; others leveraged equipment upgrades to attract larger clients. Competitiveness was linked to internal adjustments supported by occasional external enablers.

*5.3.5.5. Cross-*Group Comparison

Both sectors described competitive environments, though manufacturers focused on contracts/pricing and services on disruptive models/client expectations. Both sets of accounts point to ongoing adaptation.

5.3.5.6. Conclusion

Market and competition pressures were evident in both sectors. Manufacturers cited volatile demand and price competition, while services pointed to disruptive models and client quality demands. Participants described making ongoing adjustments in response to competitive pressures, with sector-specific emphasis.

5.3.6. Environmental & Social Factors

5.3.6.1. Manufacturing SMEs Quotes

Manufacturing respondents did not raise any form of environmental or social pressures

5.3.6.2. Services SMEs Quotes

Table 13: Environmental and social Factors Service Quotes

"obviously a big one for us is the is around legislation and also the drive to lower global warming. So that it's a threat to our business in the sense that currently our vehicles, they're using their combustible engines. So we've had one or two clients ask request us to give them indications as to how much carbon emissions we've emitted in the last 12 months ." (Serv 1, 6:25)
"And they would want to deal with certain suppliers that conform to certain standard in terms of environmental concerns and the big one is global warming. So that is indeed kind of like a threat to our operating model." (Serv 1, 6:25)
“Obvious safety is a big one as well. It's an external factor, but it has the it's impactful in the sense that you know you feel we're involved in a serious accident and cause we're dealing primarily with corporates” (Serv 1, 6:25)
"the existing contracts were contracted for a certain duration, so they could terminate the contract based on the fact that there's been a safety incident." (Serv 1, 9:40)
“When there's when there's pressure to deliver on a certain aspect of a of a service, it still must be done safely. So safety is a key component of it.” (Serv 1, 25:20)

5.3.6.3. In-Group Analysis

One service SME reported both environmental and safety expectations from clients as salient. The same explained that corporate clients request carbon data and expect reductions, making emissions a threat to their current operating model. He also emphasised that safety compliance was critical to keeping contracts.

5.3.6.4. Cross-Group Comparison

Service SMEs reported direct environmental/safety pressures, manufacturers in this sample did not. This may reflect different degrees of client visibility and audit focus.

5.3.6.5. Conclusion

Environmental and social pressures were salient for the service group but not for manufacturers. For services in this sample, client-driven environmental and safety requirements were prominent; manufacturers did not report similar pressures. In

contrast, manufacturers reported no such external pressures, this divergence underscores how sector context mediate which sustainability factors SMEs must prioritise.

5.4. **RQ2 - Roles of Key Stakeholders**

The second research question explored how stakeholder interactions, such as those with government, large corporate customers, OEMs, financial institutions and internal employees, influence SME participation in sustainability-oriented supplier development.

A qualitative frequency analysis was used to assess the prevalence and intensity of these themes across the manufacturing and service SME groups.

Table 14 below summarises these results**.**

Table 14: RQ2 Frequency Table

Stakeholder Theme	Manufacturing SMEs	Service SMEs
Government and Policy Enablers	**High** - Multiple manufacturers referenced DTIC and SEFA programmes as essential to survival and localisation incentives.	**Moderate** - Services recognised government training and internship support but viewed engagement as inconsistent.
Large Corporate Customers & OEMs	**High** - OEMs were cited as primary customers driving technical standards, quality systems, and mentoring.	**Moderate** - Service SMEs occasionally mentioned client expectations but lacked OEM-like relationships.
Financial Institutions	**Moderate** - DFIs and banks were mentioned as sources of capital but often with bureaucratic constraints.	**High** - Service SMEs identified liquidity and access to finance as major obstacles, relying more on commercial banks.
Internal Stakeholders	**Moderate** - Employees valued for stability and quality but limited in innovation due to skill gaps.	**High** - Internal teams emphasised motivation, shared purpose, and service excellence as drivers of sustainability.
Knowledge Transfer & Mentorship	**High** - OEM mentorship and process training were repeatedly described as transformative.	**High** - Mentorship, training, and knowledge sharing from larger clients or networks were cited as catalysts for organisational learning.

5.4.1. Government & Policy Stakeholders

5.4.1.1. Manufacturing SMEs Quotes

Table 15: Government & Policy Stakeholders Manufacturing Quotes

"Key stakeholders would be the government in terms of the government agencies like DTIC and then on the financial side we've got IDC, we've got SAFA, CFA and all those they help us a lot financially and they help us a lot in terms of skills development initiatives and stuff that we do which we might [have] probably not be able to do on our own without the support of that those external networks." (Man 4, 8:48)
“For example, with the DTIC we get invited to what is called outward sailing missions. Where we are sponsored to go internationally for export markets that is we got we've been to America, Japan, South Korea and everything with the DTIC.” (Man 4, 8:48)
"Government’s localisation policy has helped. That’s why we exist, to supply local. We’re Level 2 B-BBEE, which makes us a favourable supplier to SOEs. That legislation supports us." (Man 7, 12:42)

5.4.1.2. In-Group Analysis

Government stakeholders were described as enabling manufacturers via funding, skills initiatives, and procurement opportunities. Participants linked these forms of support with access and capability development, while also noting exposure to policy changes.

5.4.1.3. Services SMEs Quotes

Table 16: Government & Policy Stakeholders Service Quotes

"future vision is basically to become one of the [first] in Pretoria specifically the one of the first B EE level one companies to do custom clearance. (Serv 3, 0:50)

5.4.1.4. In-Group Analysis

One service firm referenced government stakeholders primarily for compliance credentials such as BBBEE. The quote indicated the direct influence of this stakeholder and how their actions set the boundaries within SMEs can operate. This suggests influence channelled through accreditation rather than direct programme support.

5.4.1.5. Cross-Group Comparison

Government was portrayed as an active enabler for manufacturers through funding and procurement. For services, it functions more as a compliance body. Within this sample, effects appeared sector specific.

5.4.1.6. Conclusion

The observed stakeholder roles translate directly into practical outcomes for SME sustainability in supply chains. This underscores that the findings are both grounded and sector relevant. The role of government is sector specific, enabling manufacturers with tangible resources but only as a credential gatekeeper for services.

5.4.2. *Large Corporate Customers & OEMs*

5.4.2.1. Manufacturing SMEs Quotes

Table 17: Large Corporate Customers & OEMs Manufacturing Quotes

“Most impactful was from an OEM in the past two years. We got new machinery, replacing 20-year-old machines that had reliability issues. Downtime dropped, and we worked more efficiently.” (Man 1, 8:42)
"So I'd say our primary stakeholders, our customers and in our case we have one very large customer and Transnet [which] represents almost 60% of our sales go directly to Transnet and probably another 10% going directly to them through other parties. So they [are] our biggest stakeholder when they cough, we get a cold." (Man 2, 25:14)
"Stakeholders or people like the OEM, who we do work for are a critical success factor to our business. The processes that they teach us make a big difference in how we've approached and do things. And the work that they give us also makes a huge difference into the general turnover of the company." (Man 3, 7:40)
“So when it comes to the corporate and also the companies that assist us, it's something that we have thought about doing, but it's not easy to do on your own. When we get the corporate companies that help in supplier development, it really works well for us.” (Man 5, 15:58)

“Stakeholders are companies like OEM’s, ABI, Transnet, Eskom. So their role in our country is to develop.” (Man 5, 17:45)
“I mean the supply development from the aerospace side, it was imparting the technology to us. When I say technology, not super technology, but the process by which global companies operate. We got the OEM probably because when we had to speak to you guys initially, we could put out, we knew about quality management systems, we knew about those things.” (Man 6, 18:30)

5.4.2.2. In-Group Analysis

Large corporate customers were described as enablers for manufacturers by supplying advanced machinery, transferring technical processes and embedding SMEs in structured supply chains. The quotes show how supplier development initiatives and technical mentoring, by OEMS, have concrete effects such as reduced downtime, improved efficiency and enhanced turnover. Participants also noted dependence risks where a single client dominates revenue.

5.4.2.3. Services SMEs Quotes

Table 18: Large Corporate Customers & OEMs Service Quotes

“The client, the existing contracts were contracted for a certain duration, so they could terminate the contract based on the fact that there's been a safety incident.” (Serv 1, 9:40)
"as I alluded to the fact that most of our clients are corporates, so a lot of corporates when they the sense that the company is unwell." (Serv 1, 21:25)
“In my current position, Global companies, Africa Women Financial Inclusion Initiative, and Gany Tech. These companies link me to clients through referrals. The OEM is not only a stakeholder but also a client, I do frequent shoots for them. Their feedback has been positive.” (Serv 2, 16:33)
“Our key stakeholders are basically as I say, the big client giants, our customers that support us with this supply development initiatives.” (Serv 5, 3:22)

5.4.2.4. *In-Group Analysis*

Service firms similarly relied on corporates for referrals, development support, and repeat contracts, while describing compliance expectations as sources of pressure.

5.4.2.5. *Cross-Group Comparison*

Both groups viewed corporates as highly influential. For manufacturers, technical and asset support featured strongly; for services, referrals and compliance were emphasised. Influence included both opportunities and constraints.

5.4.2.6. *Conclusion*

In this sample, corporates and OEMs were frequently described as central partners whose requirements and support shaped SMEs' participation conditions.

5.4.3. *Financial Stakeholders*

5.4.3.1. *Manufacturing SMEs Quotes*

Table 19: Financial Stakeholders Manufacturing Quotes

"Any capital investment in infrastructure, anything that you bounce off your partners." (Man 3, 7:40)
"Key stakeholders would be the government in terms of the government agencies like DTIC and then on the financial side we've got IDC, we've got SAFA, CFA and all those they help us a lot financially and they help us a lot in terms of skills development initiatives and stuff that we do which we might [have] probably not be able to do on our own without the support of that those external networks." (Man 4, 8:48)
"Well, basically the shareholders in this business keep it going. We plow money in over the years, we pumped in millions to keep it going in bad times……So from that point of view, our survival has been the shareholders, the government in the early day provided a lot of funding for some of our big machines, and supply grants like yours added to it" (Man 6, 18:30)

5.4.3.2. *In-Group Analysis*

Manufacturing SMEs associated DFIs, agencies, and shareholders with enabling roles for capital and skills. These inputs were linked by participants to survival in downturns, asset acquisition, and capacity-building.

5.4.3.3. *Services SMEs Quotes*

Table 20: Financial Stakeholders Service Quote

"For me, the stakeholders obviously would be to be the bank that's the main stakeholder for me. They involved from a financing perspective, they involved from a financing a lot of the vehicles that we have in our fleet." (Serv 1, 17:18)

5.4.3.4. *In-Group Analysis*

One service SME identified commercial banks as key financial stakeholders, playing an important role in sustaining operations through the provision of vehicle financing and access to overdraft facilities.

5.4.3.5. *Cross-Group Comparison*

Both groups viewed finance as enabling, with manufacturers emphasising DFIs/agencies/shareholders and services emphasising commercial banks. Forms of finance reflected sector needs and risk profiles.

5.4.3.6. *Conclusion*

Financial stakeholders enable SMEs across both groups, though the type of finance differs. analysis indicates that manufacturing SMEs survive and expand through DFIs, grants, and shareholder investment, while service SMEs rely on commercial banks.

5.4.4. Internal Stakeholders

5.4.4.1. Manufacturing SMEs Quotes

Table 21: Internal Stakeholders Manufacturing Quotes

"A new problem is education quality. Younger staff lack technical maths and skills compared to older workers. In five years, we may face shortages of properly trained employees." (Man 1, 13:09)
“And then within the company, of course, we have 30 odd staff that are our stakeholders, many of them we have now two staff members who have 30 years service with the company…….We have a lot of staff that have more than 20 years employment with the company and pretty much……And as everybody else is 10 years or more, so we have a lot of a lot of long lasting long serving staff.” (Man 2, 25:14)
“OK, so the key stakeholders being companies that I work with and my partners. First, OK. Yeah, well, I've got two other partners, both of them great, no problems. I'm pretty much left to run the business as I see fit. I obviously bounce a lot of stuff off the partners, especially capital acquisitions.” (Man 3, 7:12)
“The one thing I have to look at is employing people who can grow in the business. We've had different people, many in production management, with different views on style….Over the last five or ten years, we tend to employ older guys on the shop floor who are only interested in a wage packet. If we pay him 120 rand an hour, and someone else pays 140, he will go. They’re not growing and don’t have the capability to go into management or team leader roles…..So now I’m pushing organisational engineering, bringing in younger people who can grow and later on be heads of engineering or quality” (Man 6, 31:04)

5.4.4.2. In-Group Analysis

Employees are central internal stakeholders, yet their influence is often constrained due to skills shortages and retention challenges. The analysis reveals generational differences within the workforce where older employees contribute loyalty and stability, while younger recruits often lack technical training, potentially leading to future capability gaps. At the same time, long-serving staff and business partners provide continuity and governance support, ensuring operational steadiness.

5.4.4.3. Services SMEs Quotes

Table 22: Internal Stakeholders Service Quotes

"The more profit I have, the more the, the, the, the more the bonus or the bonus gets guaranteed in a way. So that keeps the team motivated. So I've got a very highly motivated team purely from the fact that our profits……So we are small, but at the same time we aspire to conduct the business in a professional manner and in guarantee the security of our employees. And that way when we've got a motivated team, it's easy to market the business " (Serv 1, 1:50)
“Definitely human capital, the key resource in terms of our sustainability going into the future, but I'm of the belief that it will be better off having the small team that is well paid, highly motivated and in that way……..They [the employees] need to have courtesy to other road users, so it's not about them and the client. So I always tell them, listen, you're on the road, you need to extend extreme courtesy to other drivers as well, because if you don't behave right on the road and god forbid you are involved in an accident…….It could actually destroy the our company and fold up the company, especially if there's a fatality occurs. So we need to ensure that you know what safety is always the number one factor.” (Serv 1, 25:20)
"Family contributes motivation and input. Employees and freelancers share ideas, bringing diverse expertise. We test and adopt the best approaches, which helps the business grow.." (Serv 2, 18:26)
“Internally, our director, an Indian female, owns 100% of the company. The general manager and I (senior management) are also key stakeholders.” (Serv 4, 8:46)
“the other key stakeholders is actually it's a family business. So you know, it's a very family orientated company.” (Serv 5, 3:22)
“OK, as operations basically the case the accounts is also internally basically a lot of our family is basically from poorer disadvantaged communities.And us being a BEE company actually put us in a better position because now besides our service, the key stakeholders can see that we are actually, you know supporting this initiative of uplifting the Community and development.” (Serv 5, 5:14)

5.4.4.4. *In-Group Analysis*

For service SMEs, internal stakeholders function mainly as enablers. Employees are motivated through shared goals, aligning their performance with company success. Families and freelancers present diverse skills, motivation, and reputational support, while owners and managers provide leadership and vision. The analysis also indicate that internal stakeholders embed values like safety and community upliftment, which can directly shape operational resilience and sustainability.

5.4.4.5. *Cross-Group Comparison*

Manufacturing SMEs frame employees sometimes as constraints due to skill shortages and retention issues, while service firms highlight employees, families, and freelancers as enablers of growth and resilience. Both groups view internal stakeholders as indispensable, but the balance falls towards challenges for manufacturers and opportunities for service SMEs.

5.4.4.6. *Conclusion*

Across cases, internal stakeholders were described as influential in different ways, stabilising yet capacity constrained for manufacturers, and enabling through motivation and values-alignment for services.

5.4.5. *Knowledge Transfer & Mentorship*

5.4.4.7. *Manufacturing SMEs Quotes*

Table 23: Knowledge Transfer & Mentorship Manufacturing Quotes

"The processes that they teach us make a big difference in how we've approached and do things. And the work that they give us also makes a huge difference into the general turnover of the company. So it's the OEM [that] is a critical success customer. If I had to lose them, I think, you know, I'd rather not think about that." (Man 3, 7:22)
“I mean, we've had opportunities to do certain parts that we would never have had opportunities to play with if it wasn't for them [the OEM]. Case in point, we do an air raising cylinder for them. That was something that would never be made in South Africa.” (Man 3, 8:45)

“Well, everything from the information given to us about reconditioning valves made a big difference in how we do the valves. So it uplifted our procedures to three times what they were. The same thing with the assembly of the compressors. We assembled compressors in a certain way with the OEM’s guidance on the assembly and tooling for assembly. It revolutionized the way we built machines.” (Man 3, 10:33)
“As far as that, so yes, it's it's expanded our reach way before, way beyond what we would have done without them, without the government actually, and without the OEMs that are supporting us and developing.” (Man 4, 12:18)
“They had an Advisory Board, but CEOs from different companies and it was we had meetings once in three months. They would give me homework, they would give me challenges, you know, to identify what's our KPI, what's our our targets and come back after three months. I got a report to them……And one thing I learned.Tthere was one guy that told me, listen, in any field, it's dog eats dog. So you mustn't feel your friend is doing business there, so you can't go there.” (Man 5, 4:59)
“Most of our suppliers, those that we partner with, especially an OEM, there's a lot of technical knowledge that we have gained……Knowledge in the sense of how to program ourselves, how to streamline with efficiency, with deliveries. So it has helped us a hell of a lot.” (Man 5, 4:59)
“To develop small businesses, to create, to help us create employment, to help us lead a successful business and one day for us to also be corporate, for us to grow so we don't stay as SMMES…..And we do get assistance financially, we get assistance technically and of course on the admin side…..So the keys stakeholders like as I mentioned…..The companies that we have partnered with, especially the OEMs…..We've get we get lots of assistance in the sense of knowledge, guidance with deliveries, with technical assistance and production…So without those big companies SMMEs will just go on the same level and not move higher than that. It will just be hand to mouth, hand to mouth, hand to mouth. So we would like to grow, and we have grown.” (Man 5, 17:49)
“we got technical training, we got a whole myriad of assistances. Because one of our big shareholders, they're in the aerospace industry. In our early days of doing aerospace, there was a lot of training and transfer of technology that was required to get us up to speed for aerospace standards.” (Man 6 1:15)

“I mean the supply development from the aerospace side, it was imparting the technology to us. When I say technology, not super technology, but the process by which global companies operate.” (Man 6 18:30)

5.4.5.2. In-Group Analysis

Manufacturing SMEs benefit from technical knowledge transfer from OEMs and corporate partners. The analysis suggests that training, technology adoption, and exposure to global processes directly transform production methods and product quality. The combination of mentorship and knowledge transfer, through advisory panels and partnerships, increases SMEs’ reach, positioning them to compete internationally.

5.4.5.3. Services SMEs Quotes

Table 24: Knowledge Transfer & Mentorship Service Quotes

"Such stakeholders ensure the business doesn’t die. They hold your hand, carry you through, give assistance, and you must be accountable. It’s life-changing, restoring your business when you were close to failing. Without that, I don’t know where we’d be." (Serv 2, 14:13)
“So the mentorship that I actually got also through this programme identifying, you know, the areas where I can, you know, benefit from this, I was also, I was just looking at it one sided but they actually broaden [my scope]” (Serv 3, 4:46)

5.4.5.4. In-Group Analysis

Service SMEs described mentorship as supporting crisis navigation and broadening strategic outlooks. Guidance was linked to both short-term recovery and longer-term capability building.

5.4.5.5. Cross-Case Comparison

Both sectors reported benefits from knowledge transfer, though content differed: manufacturers emphasised technical/process upgrading; services emphasised strategic mentorship. Both were associated with capacity improvements.

5.4.5.6. Conclusion

Across cases, knowledge transfer and mentorship were described as meaningful supports. For manufacturers, technical inputs related to process improvements; for services, mentorship related to resilience and strategic scope.

5.5. Thematic Conclusion

Table 25: Thematic Conclusion Summary

Construct	Theme	Summary of Findings / Thematic Conclusion
RQ - Contextual Factors Influencing SSD among SMEs	Policy and Regulatory Environment	The policy environment is characterised by inconsistency and fragmented delivery. SMEs respond not through formal compliance but by cultivating adaptive legitimacy and relational engagement with policy actors. This confirms that regulatory instability compels improvisation rather than deterring sustainability action.
	Finance and Incentives	Access to finance remains one of the strongest determinants of SSD success. SMEs depend heavily on DFIs, supplier credit, and buyer co-funding to invest in sustainability. This underscores the relational dimension of finance, where trust and reputation often substitute for collateral.
	Infrastructure and Operations	Weak infrastructure, especially energy instability, logistics inefficiency, and outdated technology, constrains SME competitiveness. Yet, partnerships with OEMs and corporates often offset these constraints through shared access to facilities, technical systems, and maintenance knowledge.
	Human Capital	A shortage of technical and managerial skills limits sustainability adoption. However, leadership grounded in learning-by-doing and moral purpose demonstrates that human agency and value-based leadership can compensate for limited formal training.
	Market and Competition	SMEs face strong buyer pressure and competitive intensity. Instead of creating exclusion, this pressure motivates capability upgrading and process innovation, especially when mediated through long-term buyer relationships.
	Environmental and Social Factors	Sustainability practices are primarily economically motivated but gradually extending to environmental and social dimensions. SMEs perceive these not as compliance burdens but as emerging opportunities to align with buyer expectations and community legitimacy.
RQ2 - Stakeholder Relationships and Their Influence on SSD	Government and Policy Stakeholders	Government's role remains facilitative yet fragmented. National policies provide strategic intent, but implementation is inconsistent. Localised programmes and partnerships exhibit stronger traction, showing that decentralised governance yields more meaningful impact.
	Large Corporate Customers and OEMs	Corporate buyers act as institutional intermediaries, simultaneously enforcing sustainability standards and transferring knowledge. These relationships evolve from dependence to negotiated reciprocity, where SMEs gain capability through mentorship and joint projects.
	Financial Institutions and Development Agencies	DFIs play a bridging role between policy intent and enterprise practice. Through blended finance and concessional lending, they enable SMEs to access resources that align sustainability with viability. However, delivery gaps persist due to bureaucratic rigidity.
	Knowledge Transfer and Mentorship	Technical and strategic mentorship consistently emerges as the most effective mechanism for supplier upgrading. Knowledge exchange transforms transactional engagement into co-learning partnerships, fostering both resilience and innovation.
	Internal Stakeholders	Internal leadership and culture determine how sustainability is embedded. Ethical, Ubuntu-based leadership fosters accountability, motivation, and social legitimacy, demonstrating that moral purpose can be a driver of performance.
	Cross-Sector Collaboration and Public–Private Partnerships	Emerging partnerships between public, private, and developmental actors show high potential but remain underdeveloped. Where present, they enhance resource pooling, transparency, and shared accountability, offering a systemic route for scaling SSD.

6. Chapter 6 - Discussion of Results

6.1. Introduction

This chapter synthesises the empirical findings presented in Chapter 5 with the theoretical frameworks and scholarly discussions outlined in Chapter 2. It explores how contextual factors and stakeholder relationships influence the implementation of Sustainability-Oriented Supplier Development (SSD) among South African SMEs.

6.2. Research Question 1 - Contextual Factors Influencing SSD among SMEs

RQ1 investigated the contextual factors that influence SMEs' engagement with sustainability-oriented supplier development. The analysis identified six connected themes: (1) policy and regulatory environment, (2) financial enablers and constraints, (3) infrastructure and operational challenges, (4) human capital and skills development, (5) market and competitive pressures, and (6) environmental and social pressures. Each theme is discussed below in relation to the empirical data and relevant literature.

6.2.1. Policy and Regulatory Environment

6.2.1.1. Recap of Findings

Chapter 5 concluded that the policy environment functions simultaneously as an enabler and a constraint. Empowerment and localisation frameworks, such as BBBEE and preferential procurement, created access opportunities for manufacturing SMEs while inconsistent implementation and regulatory reversals limited their sustainability. For service SMEs, policy influence was largely peripheral. Overall, was described as a material contextual influence shaping SME participation.

6.2.1.2. *R*elevant Theory

The literature acknowledges that policy and regulation establish key institutional conditions for SSD. In emerging markets, coherent sustainability policy can enhance SME inclusion by providing predictable incentives and standards (Jia et al, 2023). Conversely, fragmented policy regimes are associated with symbolic compliance and may hinder capacity development (Huq & Stevenson, 2020). Albareda et al, (2018)

emphasise that policy coherence between industrial development, localisation and ESG frameworks is important to sustaining supplier upgrading. Bai & Satir (2022) further observe that where regulatory signals fluctuate, SMEs experience “compliance fatigue”, which may undermine trust in sustainability initiatives. These studies collectively position policy stability as an important, though not sufficient, enabler of SSD.

6.2.1.3. Discussion

The findings affirm the broader SSD literature by showing that regulatory environments in developing economies often oscillate between facilitation and constraint. The findings may refine existing scholarship by revealing how policy contradictions generate uncertainty that discourages SME investment in sustainability. While Huq & Stevenson (2020) describe similar symbolic patterns in Bangladesh’s textile sector, this study offers a South African nuance where government procurement frameworks intended to promote localisation, were perceived to sometimes favour larger intermediaries. In this sample, participants emphasised policy inconsistency rather than policy absence. Many SMEs reported relying on relational engagement with buyers alongside formal compliance.

6.2.1.4. Conclusion

The policy and regulatory environment were frequently cited as influential for SSD, yet its influence appeared linked to continuity and coordination. South African SMEs reported adapting to navigate incoherent policies, to navigate incoherent policies, suggesting that regulatory predictability may support sustainable supplier participation.

6.2.2. Financial Enablers and Constraints

6.2.2.1. Recap of Findings

The study found that access to finance was frequently described as an important enabler of SSD participation. Manufacturing SMEs highlighted the importance of affordable credit, grant funding and co-investment from corporate partners. However, SMEs reported that sustainability initiatives are often deprioritised when cash flow pressures intensify. Traditional financiers were perceived as risk averse toward uncollateralised SME lending, while government funding channels were described as slow and

bureaucratic. Consequently, SMEs reported relying on informal financing or retained earnings to support sustainability projects.

6.2.2.2. *R*elevant Theory

Financial access is widely recognised as an enabling mechanism in SSD implementation. Benton et al. (2020) describes financial collaboration as central to buyer-supplier relationships that can foster sustainability upgrading. Gregory (2023) and Siems et al, (2023) show that development finance instruments such as blended finance, green bonds and ESG linked loans, may improve the affordability of sustainability investments for SMEs. However, Busse et. al. (2016) cautions that financial enablers are only effective when coupled with capability support otherwise SMEs may adopt surface level sustainability without deeper transformation.

*6.2.2.3. D*iscussion

The empirical results align with Benton et al. (2020) in confirming that finance was described as both a relational and structural constraint. South African SMEs mirror global patterns of under capitalisation but face context specific barriers such as high interest rates, collateral requirements and limited understanding among financiers of sustainability's commercial value. The finding that corporates occasionally act as "interim financiers" through pre-payment or shared investment, may refine the literature by revealing relational finance as a substitute for formal mechanisms. In this sample, participants suggested that relational trust sometimes substituted for formal finance. Participants described reliance on interpersonal credibility and buyer partnerships to unlock funding, indicating context-specific adaptations.

6.2.2.4. Conclusion

Financial access was portrayed as important yet unevenly distributed. Where formal financial systems were perceived to be inaccessible, relational financing and co-investment were reported to serve as adaptive mechanisms for sustainability advancement. Participants' accounts point to blended finance and greater transparency as possible avenues to improve scalability.

6.2.3. Infrastructure and Operations

6.2.3.1. Recap of Findings

Participants identified infrastructure reliability and operational efficiency as salient contextual factors of SSD. Manufacturing SMEs reported disruptions due to inconsistent electricity supply, transport bottlenecks and logistics costs which were said to erode competitiveness and divert resources away from sustainability investment. Service SMEs reported fewer physical infrastructure constraints but mentioned technological limitations in adopting digital traceability and monitoring systems.

6.2.3.2. *R*elevant Theory

Infrastructure quality is linked to SME's ability to implement sustainability practices. According to Mokoena (2022), unreliable infrastructure in emerging economies is associated with increased transaction costs and may undermine environmental performance. Jia et al. (2023) similarly argue that infrastructural and technological readiness can mediate the success of SSD by determining suppliers' absorptive capacity for sustainability routines. Albareda et. al. (2018) conceptualises such conditions as enabling ecosystems, where logistics, energy and information infrastructures collectively support sustainable supply chains. Conversely, inadequate infrastructure is associated with reactive engagement (Bai & Satir, 2022).

6.2.3.2. Discussion

The findings support Jia et. al. (2023) by indicating that infrastructure is both a physical and a technological foundation for SSD. However, this study adds nuances by highlighting the dual burden faced by South African SMEs in the form of physical infrastructure instability and digital infrastructure gaps. Where developed market literature assumes stable operational contexts, these findings suggests that volatility can shape sustainability choices. SMEs reported prioritising operational survival over environmental innovation, suggesting that infrastructural resilience is a prerequisite for sustainable practice. This may refine the SSD literature by demonstrating that without systemic infrastructure reliability, even the most motivated suppliers may struggle to sustain compliance or innovation.

6.2.3.3. Conclusion

Infrastructure quality appeared to function operationally and as a contextual moderator in SSD adoption. Addressing infrastructural and digital system gaps may help move South African SMEs from reactive adaptation toward more strategic sustainability integration.

6.2.4. Human Capital and Skills Development

6.2.4.1. Recap of Findings

Findings revealed that human capital and skills development are both a constraint and an area of potential strength within SMEs. Manufacturing SMEs expressed concern about declining technical competencies among younger workers, attributing this to deteriorating education quality and limited vocational training. Many enterprises relied on long service employees to preserve institutional knowledge, with some noting an ageing workforce resistant to change. Service SMEs displayed adaptability but noted skill shortages in sustainability reporting, digital systems and customer engagement. The lack of targeted sustainability training programmes was reported to constrain SMEs readiness for SSD participation.

6.2.4.2. Relevant Theory

Human capital is a strong determinant of SSD effectiveness. Huq & Stevenson (2020) argue that sustainability integration requires both technical and relational competencies within supplier organisations. Bai and Satir (2022) note that training and capability development underpin long-term supplier upgrading, particularly when buyers co-create learning activities. Albareda et al. (2018) extends this view, proposing that sustainability knowledge is embedded in formal skills, organisational culture and leadership commitment. Recent work (Siems et al., 2023) highlights that firms investing in sustainability-oriented learning systems achieve improvements in innovation, trust and adaptive capacity.

6.2.4.3. Discussion

The analysis corroborates the literature and adds contextual specificity. While studies emphasise training partnerships, South African SMEs reported skills deficits that extend

beyond sustainability knowledge to basic technical proficiency. Participants' references to an ageing workforce and limited sustainability curricula point to possible gaps between policy aims and education provision. Unlike some East Asin contexts where public-private training alliances support supplier upgrading (Ambashi, 2023), South African SMEs reported relying on informal learning and peer mentorship. This suggests human-capital constraints may be multidimensional. Accounts of internal mentorship indicate that, in some cases, leadership and peer learning can partially substitute for formal training.

6.2.4.4. Conclusion

Sustainability-oriented supplier development appears to draw on both technical and moral capabilities. Addressing systemic education gaps and supporting experiential learning networks may enhance SME absorptive capacity and support the diffusion of sustainability competencies across supply chain tiers.

6.2.5. Market and Competitive Pressures

6.2.5.1. Recap of Findings

The study found that market and competitive dynamics influence how SMEs prioritise sustainability. Manufacturers cited cost-based competition and procurement practices, favouring established suppliers, as barriers to investing in sustainable practices. Service SMEs experienced less direct price competition but reported that market volatility and client expectations influenced sustainability decisions. Participants emphasised that consistent buyer relationships provided were associated with greater willingness to invest, while transactional procurement discouraged long term planning.

6.2.5.2. *R*elevant Theory

Market conditions are an major factor in incentives for SSD promotion. Bai and Satir (2022) demonstrate that relational market structures promote collaborative upgrading, whereas transactional markets can inhibit learning. Yawar and Seuring (2017) similarly argue that competitive pressures in value chains often lead suppliers to prioritise compliance over innovation. Albareda et al., (2018) links this notion of "sustainability lock in", where economic survival outweighs environmental or social commitments.

Conversely, Siems et al., (2023) proposes that the niche market differentiation and ESG driven consumer demand can reconfigure competition, turning sustainability into strategic advantage.

6.2.5.3. Discussion

The findings affirm the theoretical claim that market structures mediate sustainability engagement but reveal how this operates under South Africa's dual economy characteristics. In manufacturing, procurement systems that prioritise price reductions may be perceived to marginalise smaller suppliers. In the service sector, relational continuity with corporate clients encourages sustainability as a differentiator, aligning with Siems et al., (2023). This contrast may refine SSD literature by illustrating sectoral asymmetry where market incentives for sustainability are contingent on contract duration, buyer strategy and perceived reputational value. Participants often framed sustainability as a relational signal to buyers rather than a marketing differentiator.

6.2.5.4. Conclusion

Participants described competitive pressures that encouraged efficiency but were sometimes seen to constrain investment in sustainability. Relational continuity and predictable demand were associated with greater willingness to invest. This suggests that policy and buyer practices may need to prioritise longer-term procurement partnerships over transactional tendering.

6.2.6. Environmental and Social Considerations

6.2.6.1. Recap of Findings

Environmental and social factors were less frequently discussed by participants but remain relevant to SSD interpretation. SMEs demonstrated ad-hoc engagement in waste reduction and community support which was attributed to leadership values rather than formal ESG frameworks. Services SMEs perceived environmental compliance as costly. Social initiatives such as employee welfare and community projects were described as voluntary and episodic.

6.2.6.2. *Rel*evant Theory

The literature conceptualises environmental and social integration as core pillars of SSD. Jia et al. (2023) define SSD as the integration of environmental and social objectives into supplier development activities. Pedroso et al. (2021) observe that environmental practices are typically adopted first due to their measurable outcomes, whereas social initiatives are more dependent on leadership values and stakeholder expectations. Huq and Stevenson (2020) caution that when social sustainability is treated as secondary, overall SSD maturity tends to remain low. Albareda et al. (2018) emphasise that social inclusion is fundamental to establishing legitimacy, noting that suppliers build trust through visible ethical conduct, even when their technical capabilities are limited.

6.2.6.3. *D*iscussion

The findings align with Albareda et al., (2018)'s understanding of how social legitimacy operates under institutional fragility. While environmental compliance is resource intensive, SMEs reported drawing on ethical behaviour, trust and community reciprocity to signal legitimacy. These accounts suggest a form of adaptive legitimacy in which values-driven actions may partly offset structural constraints.

6.2.6.4. *C*onclusion

Environmental and social sustainability in these accounts were often linked to leadership values more than to regulatory compulsion. Recognising these moral foundations may inform the design of SSD models that blend relational legitimacy with progressive environmental improvement.

6.2.7. Conclusion for Research Question 1

The analysis of contextual factors indicates that the implementation of SSD in South African SMEs is influenced by environmental volatility and institutional inconsistency. Whilst policy frameworks were reported to facilitate access, they were also described as lacking coherence. Financial institutions were perceived as risk-averse, and infrastructure challenges were seen to constrain operational capability. Gaps in human capital were identified as potential barriers to absorptive capacity. Market dynamics were

noted to discourage long-term investment, and environmental practices were accredited more to ethical leadership than to regulatory enforcement.

Collectively, these findings highlight that contextual factors function as interrelated constraints that SMEs must actively navigate to implement SSD. Within this environment, sustainability was described as a negotiated and incremental process, rooted in trust-based relationships. These insights support the perspective that the effectiveness of SSD is dependent on the development of enabling ecosystems that integrate financial access, skills development, and policy coherence with relational forms of governance.

6.3. Research Question 2 - Stakeholder Relationships and Their Influence on SSD

RQ 2 explored the influence of stakeholder relationships on the sustainability trajectories of SMEs. The thematic analysis identified six related relationship domains, (1) government and policy stakeholders, (2) large corporate customers and OEMs, (3) financial institutions and development agencies, (4) knowledge transfer and mentorship, (5) internal stakeholders, and (6) cross-sector collaboration. The discussion below connects each domain to interview analysis and theory.

6.3.1. Government and Policy Stakeholders

6.3.1.1. Recap of Findings

Findings revealed that government departments and agencies play both enabling and constraining roles in SSD. Manufacturing SMEs recognised government's contribution through incentives such as grants and localisation policies. However, the effectiveness of policy interventions was restricted by inconsistent implementation, administrative inefficiencies, and delayed response times. Service SMEs reported minimal direct engagement with government entities, instead relying on indirect benefits from their corporate clients.

6.3.1.2. *R*elevant Theory

The literature identifies government as a key factor in establishing the institutional framework for SSD. Albareda et al., (2018) describes the state as both a regulator and a facilitator of sustainability transitions, mediating between public policy and private enterprise. Huq and Stevenson (2020) note that weak regulatory enforcement in developing economies can result in superficial compliance. Jia et al., (2023) further argue that government agencies may improve SSD effectiveness when they align industrial, social and environmental objectives within coherent procurement systems. Comparative studies from Asia demonstrate that public-private collaboration models strengthen policy legitimacy and improve supplier outcomes (Ambashi, 2023).

6.3.1.3. Discussion

The analysis supports the scholarship while revealing local dynamics. Consistent with Huq and Stevenson (2020), regulatory fragmentation may undermine SMEs trust in sustainability initiatives. However, this study offers a potential contextual refinement where SMEs perceive government as inefficient and distant, with policy benefits captured primarily by larger enterprises. The finding that SMEs rely on indirect policy diffusion through corporate supply chains, confirms Albareda's et al., (2018) understanding of state and market interaction, by showing how policy influence is mediated through private actors in contexts of weak institutional coordination. The limited co-production of policy between government and SMEs differs with Asian models of developmental collaboration (Ambashi, 2023). This suggests that without relational proximity between policymakers and entrepreneurs, the legitimacy of SSD frameworks may remain limited.

6.3.1.4. Conclusion

Government influence on SSD was described as constrained by bureaucratic fragmentation and limited relational engagement with SMEs. Sustainable policy impact may require well designed frameworks and trust-based partnerships that bridge administrative and business ecosystems.

6.3.2. Large Corporate Customers and OEMs

6.3.2.1. Recap of Findings

Large corporate buyers and original equipment manufacturers (OEMs) were identified as high influence stakeholders shaping SME participation in SSD, Manufacturing SMEs described dependence on anchor firms for market access and technical guidance. In contrast, service SMEs benefitted from mentorship and resource sharing arrangements with corporate clients. Overall, SMEs perceived that collaborative buyer relationships were associated with learning, whereas compliance driven approaches were associated with dependency.

6.3.2.2. *R*elevant Theory

Yawar and Seuring (2017) distinguish between two governance modes namely, compliance based, which enforces sustainability codes and collaborative, which co-develops capacity. Benton et al., (2020) emphasise that relational governance built on trust and reciprocity, can yield longer-term performance improvements than transactional control. Bai and Satir (2022) further observe that buyers that invest in suppliers' learning, create shared value. From the perspective of stakeholder theory, Freeman (2010) argues that sustainable firms manage stakeholder interests through mutual benefit rather than unilateral expectation-setting. However, in the context of emerging markets, Huq and Stevenson (2020) observe that buyers often impose standards without providing adequate contextual support, thereby reinforcing structural inequalities within supply chains.

6.3.2.3. Discussion

The analysis reinforces and potentially refines these theoretical positions. SMEs experience both governance modes simultaneously where large corporates demand compliance to ESG requirements while selectively providing developmental support. The coexistence of pressure and partnership is consistent with accounts of mixed governance logics Benton et al., (2020) term relational symmetry, where collaboration exists within unequal power dynamics. In this sample, SMEs reported that relational commitment alongside control supported internalisation of sustainability norms. Participants perceived some local corporates as providing mentorship within procurement.

6.3.2.4. Conclusion

Corporate buyers were described as influential on SSD trajectories. Where relationships are relational and developmental, SMEs reported more substantive sustainability learning. Where governance is compliance driven, SSD becomes procedural. Fostering balanced power relations and embedding mentorship within procurement practices may be important to deepening sustainable supplier engagement.

6.3.3. Financial Institutions and Development Agencies

6.3.3.1. Recap of Findings

The study revealed that financial institutions and development agencies represent underutilised yet potentially important stakeholders in SSD, Manufacturing SMEs noted positive experiences with industrial funding schemes such as with the IDC but cited procedural complexity and limited accessibility. Service SMEs expressed frustration with risk averse banks that were not perceived to incorporate non-financial sustainability credentials. Both groups highlighted that financiers lack contextual understanding of SMEs realities.

6.3.3.2. *R*elevant Theory

Benton et. al. (2020) describes financial institutions as “resource enablers” within relational networks that support and enable supplier upgrading. Gregory (2023) indicates that blended finance, which combines public guarantees and private capital, reduces risk and encourages sustainability investments among SMEs. Siems et al. (2023) adds to this perspective by highlighting that development banks can encourage learning ecosystems when capacity-building requirements are embedded within loan conditions.

6.3.3.3. Discussion

South African SMEs face a paradox where sustainability is widely championed in discourse but rarely rewarded in financing criteria. The reliance on collateral-based assessment disregards the intangible assets that underpin sustainable performance. This research therefore potentially refines Benton et al., (2020) by demonstrating that resource dependence on SSD is not only a structural condition but also a relational construct where SMEs that cultivate credibility through consistent performance, secure informal financial support or early payment arrangements from buyers. Furthermore, the

limited integration of development finance with capacity building, echoes Siems et. al. (2023), indicating that SSD finance mechanisms remain siloed.

6.3.3.4. Conclusion

Financial institutions and development agencies were seen as peripheral to SSD's operational reality in South Africa. Mainstreaming sustainability linked finance may require changes to recognise the non-financial capabilities that SMEs leverage to sustain responsible practices.

6.3.4. Knowledge Transfer and Mentorship

6.3.4.1. Recap of Findings

Findings indicated that mentorship and knowledge transfer are important in enabling SMEs to participate in SSD. Manufacturing SMEs highlighted the benefits of technical mentorship provided by corporates and industry associations, which contributed to improvements in production efficiency, quality control, and environmental management. Conversely, service-oriented SMEs emphasised the role of peer learning and informal networks in developing soft skills, especially in communication and digital technology adoption. However, formal mentorship programmes were described as inconsistent, short-term and rarely scaled across sectors.

6.3.4.2. *R*elevant Theory

Knowledge transfer is central to the relational dimension of SSD. Benton et. al, (2020) frame it as a mechanism through which suppliers internalise sustainability routines. Albareda et. al. (2018) argue that inter-organisational learning networks create shared understanding and collective capability for sustainable innovation. Siems et. al, (2023) reinforce that mentorship enhances trust, reduces opportunism and supports relational governance. From a stakeholder theory perspective, Civera et al., (2019) contend that inclusive stakeholder learning promotes moral legitimacy by aligning diverse interests through dialogue and collaboration.

6.3.4.3. Discussion

The findings support the literature's relational perspective on learning. Consistent with Benton et al. (2020), mentorship serves as a mechanism for embedding sustainability norms within SME operations. This study adds that understanding by highlighting a

contextual dimension in South Africa, where mentorship also plays a compensatory role by addressing structural gaps resulting from fragmented policy implementation and limited vocational education. Unlike institutionalised learning frameworks in developed economies, mentorship here operates through informal trust-based exchanges. This nuance potentially refines Albareda et al., (2018) by illustrating that knowledge transfer in resource constrained environments is less about formal knowledge dissemination and more about co-experiential learning. Additionally, the findings that SMEs value long-term relational mentorship over once off training aligns with Siems et al., (2023), confirming that sustainability competencies deepen through continuity.

6.3.4.4. Conclusion

Mentorship and knowledge transfer was viewed as key relational support for SMEs in SSD ecosystems. Participants suggested that institutionalising mentorship within procurement frameworks and industry networks, policymakers and corporates may help transform isolated learning encounters into enduring development and trust building.

6.3.5. Internal Stakeholders

6.3.4.5. Recap of Findings

Internal stakeholders were perceived as contributors of sustainability within SMEs. Manufacturing SMEs emphasised leadership commitment as essential to maintaining operational discipline under constrained resources. Service SMEs highlighted employee engagement and cultural alignment as key to embedding sustainability values. Long-serving employees provided continuity and tacit expertise but sometimes resisted innovation. Leadership was cited as an internal factor shaping how sustainability was understood and enacted.

6.3.4.6. *Rel*evant Theory

Albareda et. al. (2018) and Mi et al., (2019) highlights that transformational and values-based leadership correlate positively with sustainability performance. Stakeholder theory (Freeman, 2010) positions internal actors as central to achieving equilibrium between organisational purpose and stakeholder expectations. Huq and Stevenson

(2020) demonstrate that leadership vision determines whether suppliers engage with sustainability substantively or symbolically.

6.3.4.7. Discussion

The findings reinforce the premise that sustainability is as much a moral, as a managerial endeavour. Consistent with Huq and Stevenson (2020), leadership values shaped whether SSD principles translated into tangible practices. Moreover, this research adds a South African inflection where leadership legitimacy is derived from relational trust as a form of moral capital. This moral agency bridges structural weaknesses and inspires collective responsibility, confirming Albareda et al.'s (2018) argument that cultural embedding sustains sustainability beyond compliance. The analysis also revealed that employee longevity and loyalty can function as reservoirs of knowledge, yet without upskilling, these assets risk obsolescence.

6.3.4.8. Conclusion

Internal stakeholders were seen as important to the moral and operational foundations of SSD. Leadership grounded in empathy, fairness and learning, was associated with a culture of accountability that sustains sustainability commitments.

6.3.6. Cross-Sector Collaboration and Public-Private Partnerships

6.3.6.1. Recap of Findings

The study found limited evidence of cross-sector collaboration and public-private partnerships in advancing SSD. Manufacturing SMEs participated in cluster-based initiative linking corporates, developmental agencies and technical institutions. These collaborations improved resource access and knowledge diffusion was project bound. Service SMEs engaged primarily through industry associations and professional networks, benefitting from exposure.

6.3.6.2. *Rel*evant Theory

Cross-sector collaboration is recognised as a driver of systemic sustainability transformation. Albareda et al., (2018) conceptualises private-public partnerships (PPPs) as governance innovations that pool complementary resources to tackle complex sustainability challenges. Jia et al., (2023) and Siems et al., (2023) identifies

multi-stakeholder partnerships as a critical to aligning supply chain sustainability with national development goals. However, research cautions that partnerships can falter due to competing agenda, power asymmetries and short-term project cycles (Huq & Stevenson, 2020). Effective collaborations, according to Bai and Satir (2022), require relational commitment, transparent governance and shared measurement frameworks.

6.3.6.3. Discussion

The findings support the theoretical proposition that cross-sectoral collaboration can enhance SME inclusion, while also revealing the vulnerability of partnership ecosystems. Consistent with Huq and Stevenson (2020), the study found that although public–private partnerships (PPPs) can improve access to resources, they do not consistently result in sustained institutional arrangements. A potential contribution to the literature lies in the identification of episodic partnerships, where collaborations formed around specific funding opportunities often dissolve upon project completion. This pattern underscores the importance of fostering relational continuity, aligning with Bai and Satir's (2022) emphasis on the need for shared accountability mechanisms. Additionally, the collaborative clusters observed in this study demonstrate potential for scalability, contingent on the presence of trust and strengthened local governance capacity.

6.3.6.4. Conclusion

Cross-sector collaborations are viewed as useful platforms for collective action but may require institutional continuity to realise their potential. Embedding PPPs within development frameworks and incentivising sustained relational engagement could transform these episodic interactions into durable ecosystems of sustainable supplier growth.

6.3.7. Conclusion for Research Question 2

The findings demonstrate that stakeholder relationships are closely tied to SSD's operational and ethical practices in these accounts. Large corporate buyers, governance agencies, financial institutions and employees together form the relational architecture through which SMEs translate sustainability principles into practice. Consistent with the

findings of Yawar and Seuring (2017) and Benton et al. (2020), this study found that collaboration, mentorship, and trust-based engagement were associated with more sustained outcomes than approaches primarily driven by compliance. South African SMEs were observed to navigate power asymmetries through adaptive partnerships that combine elements of dependency with mutual learning, reflecting Bai and Satir's (2022) concept of "shared value upgrading".

Findings may refine the literature by suggesting that in emerging markets, relational asymmetry does not always preclude substantive engagement but rather generates context specific models of "adaptive collaboration". Moral engagement, credibility and consistency anchor sustainability legitimacy. These relational capabilities are a replacement for institutional stability and explain how SMEs sustain responsible practices under uncertainty. Thus, stakeholder interdependence was portrayed as both the mechanism and outcome of SSD.

6.4. Summary of Discussion Outcomes

6.4.1. Summary of Discussion Outcomes with Literature

The discussions across the two research questions generated several intersecting insights that highlight how contextual factors and stakeholder dynamics relate to Sustainability-Oriented Supplier Development among South African SMEs. To consolidate the findings, Table 27 below, summarises the outcomes of the discussion by aligning each construct and theme with the corresponding theoretical dialogue from the literature.

Table 26: Summary of Discussion Outcomes with Literature

Construct	Theme / Sub-Theme	Similarity, Nuance or Difference with Literature	Outcome (Adds / Refines / Differs from Existing Knowledge)
Contextual Factors (RQ1)	Policy and Regulatory Environment	Confirms Huq & Stevenson (2020) - weak enforcement limits impact; differs by highlighting localisation benefits.	Refines - Shows dual role of policy as both enabler and constraint.
	Infrastructure and Digital Access	Aligns with Mokoena (2022) - SMEs use improvisation to offset infrastructural fragility.	Adds - Demonstrates improvisation as a sustainability capability.
	Finance and Capital Access	Echoes Benton et al. (2020) on resource dependence but potentially refines it through the concept of "social collateral."	Refines - Introduces relational credibility as a financing lever.
Stakeholder Relationships (RQ2)	Government Actors	Consistent with Albareda et al. (2018) - it differs by revealing policy influence mediated through corporates.	Adds - Shows indirect policy diffusion via private supply chains.
	Corporate Buyers / OEMs	Confirms Yawar & Seuring (2017) - introduces a hybrid model blending compliance with mentorship.	Refines - Identifies "adaptive collaboration" unique to emerging markets.
	Financial Institutions	Aligns with Gregory (2023) and Siems et al. (2023) - adds evidence of relational finance.	Adds - Highlights informal credit and early-payment trust systems.
	Internal Stakeholders (Employees)	Resonates with Liu et. al. (2021) - learning and loyalty enhance sustainability adoption.	Refines - Positions workforce stability as moral infrastructure.
	Cross-Sector Collaboration	Similar to Ambashi (2023) - differs by stressing bottom-up SME agency rather than state coordination.	Adds - Reframes public–private partnerships as co-learning spaces.
Overarching Finding	Moral and Ethical Legitimacy	Builds on Civera et al. (2019) - limited prior empirical grounding in African SMEs.	Adds - Establishes moral legitimacy as functional governance substitute

6.5. Summary of Enablers and Constraints

This synthesis highlights that enablers and constraints are not opposites but co-existing forces that SMEs navigate adaptively. Across both research questions the themes, policy, finance, infrastructure and leadership, emerge as determinants of SSD success. Meanwhile, relational trust, mentorship and moral leadership serve as systematic moderators that convert contextual constraints into developmental opportunities.

Table 27: Summary of Enablers and Constraints

Research Question (RQ)	Theme	Enablers	Constraints
RQ 1 - How do contextual factors influence the implementation of SSD among South African SMEs?	**Policy and Regulatory Environment**	Empowerment and localisation policies create access opportunities, particularly for manufacturing SMEs. Relational negotiation with local officials and OEMs enables adaptive legitimacy. Informal institutional work sustains participation despite instability.	Policy inconsistency and reversals undermine sustained engagement. Fragmented implementation across government departments. Limited influence of policy on service-sector SMEs.
	Finance and Incentives	Access to blended-finance and DFI partnerships for manufacturing SMEs. Trust and reputation operate as social collateral. Buyer pre-financing supports upgrading.	Bureaucratic lending procedures. Lack of collateral and credit history for SMEs. Informal credit mechanisms offer limited scalability.
	Infrastructure and Operations	Collaborative arrangements with OEMs provide shared facilities and maintenance support. Co-created infrastructure builds operational resilience. Innovation stimulated by constraint.	Electricity instability, logistics bottlenecks, and aged machinery. Public infrastructure deficits and slow service delivery.
	Human Capital and Skills Development	Mentorship and experiential learning build capabilities. Peer knowledge sharing improves performance.	Technical skills shortages in manufacturing SMEs. Limited formal training systems. Managerial capacity gaps in service SMEs.
	Market and Competitive Pressures	Buyer expectations drive innovation and process improvement. Competition promotes quality and efficiency when mediated by trust. Relational competition acts as a discipline for sustainability.	Intense price pressures limit reinvestment. Unequal bargaining power within value chains.
	Environmental and Social Considerations	Community engagement strengthens social legitimacy. Voluntary social initiatives foster reputational capital. Social legitimacy acts as a moral entry point for sustainability.	Limited environmental sophistication among SMEs. Absence of policy enforcement or incentives. Secondary priority among manufacturing SMEs.
RQ 2 - How do stakeholder relationships enable or constrain SSD outcomes?	**Government and Policy Stakeholders**	Local and provincial partnerships provide responsive support. Strategic policy direction through localisation and empowerment frameworks. Collaboration with agencies fosters adaptive governance.	Weak implementation capacity and policy fragmentation. Limited coordination between national and local authorities. Excessive bureaucracy in procurement processes.
	Large Corporate Customers and OEMs	Mentorship and technical guidance enhance SME capability. Collaborative relationships promote learning and innovation. Long-term contracts enable stability.	High compliance and cost demands strain SMEs. Dependence on single large buyers increases vulnerability.
	Financial Institutions and DFIs	Blended-finance instruments align capital with sustainability goals. Relationship-based engagement improves access. DFIs act as intermediaries connecting policy and enterprise.	Procedural rigidity and slow disbursement. Limited relational depth with SMEs. Over-emphasis on formal risk metrics.
	Knowledge Transfer and Mentorship	Reciprocal learning between SMEs and corporates. Technical and managerial mentorship accelerates upgrading. Knowledge diffusion strengthens collective capability.	Uneven access to mentoring opportunities. Knowledge retention challenges within SMEs. Dependence on external expertise for innovation.
	Internal Stakeholders and Leadership	Values-driven leadership embeds sustainability strategically. Leaders model responsible behaviour and stakeholder trust.	Short-term focus and reactive management styles. Lack of leadership continuity in smaller firms.
	Cross-Sector Collaboration and Partnerships	Multi-stakeholder partnerships integrate resources and knowledge. Long-term trust fosters relational continuity. Public–private cooperation enhances accountability.	Partnerships often project-based and time-bound. Fragmented coordination among sectors. Dependence on donor or corporate funding cycles.

6.6. Revised Conceptual Framework

The revised framework illustrates SSD as a cyclical, relationally adaptive system in which contextual conditions interact with stakeholder relationships through mechanisms of trust, mentorship, collaboration, and moral reciprocity. Relational capability and adaptive legitimacy jointly sustain ethical and resilient SME performance, while successful SSD outcomes feedback to influence the broader institutional environment.

This revised framework demonstrates that sustainability in emerging markets is not externally imposed but internally negotiated. It elevates SSD theory from a transactional supply-chain paradigm to a relational-ethical model of capability and legitimacy creation, providing both theoretical contribution and practical guidance for inclusive industrial policy.

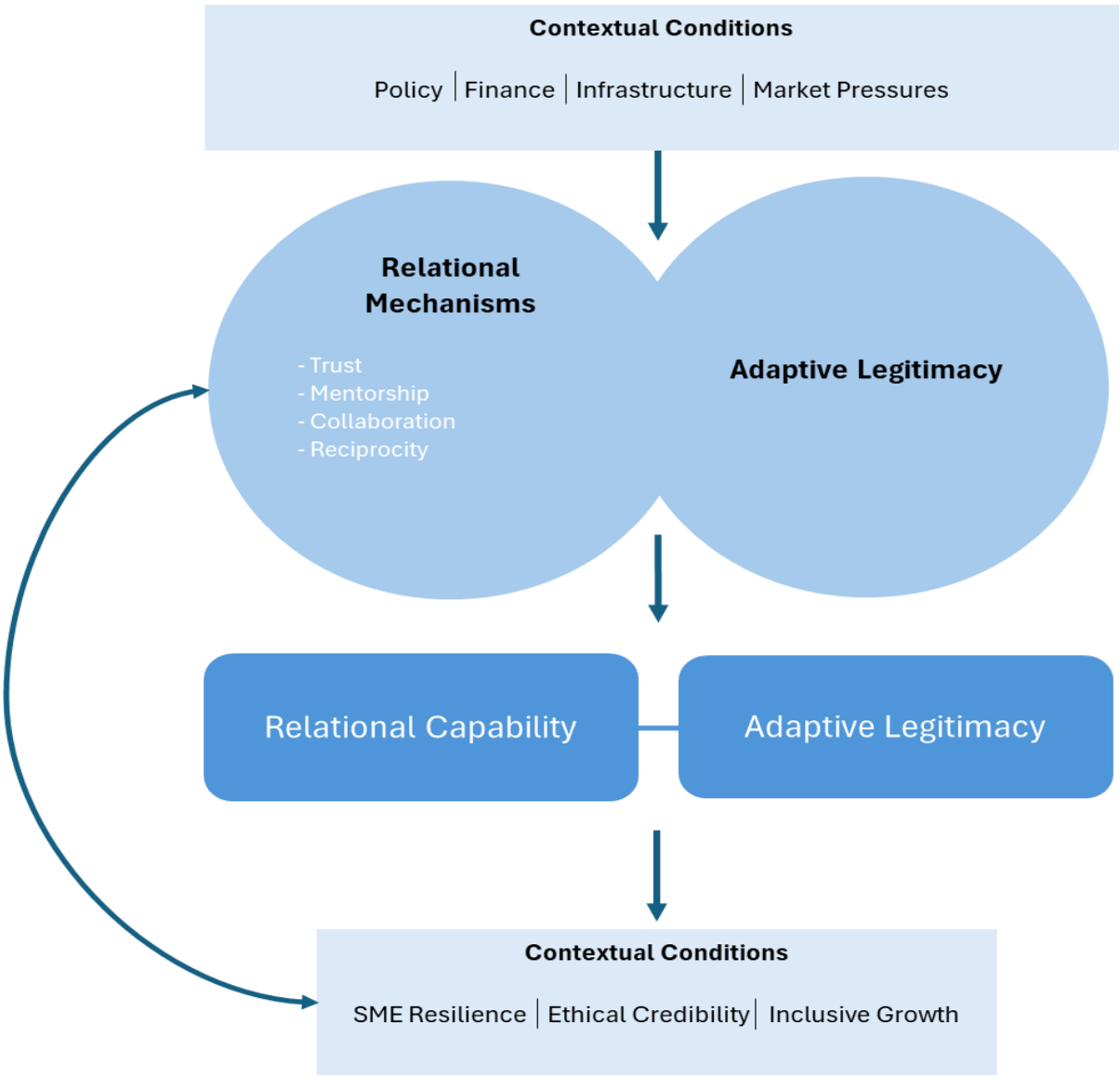

Figure 6: Revised Conceptual Framework (Authors own source)

6.7. Conclusion to the Discussion Chapter

This chapter integrated the empirical findings with the literature to explain hoe South African SMEs engage with sustainability. Two key insights emerge:

Firstly, the findings highlight that contextual factors shape SSD as negotiation environments, where entrepreneurial adaptation and improvisation appear as strategic capabilities. The analysis extends existing theory by highlighting that contextual

adversity can stimulate relational innovation. SMEs respond to policy ambiguity, infrastructure limitations, and funding constraints by viewing these challenges as opportunities for collaboration and credibility building.

Secondly, stakeholder relationships underpin the translation of sustainability leads into operational practice. Where relationships are developmental, SMEs internalise sustainability as shared purpose. The evidence therefore supports a relational conception of SSD, consistent with Freeman's (2010) stakeholder perspective and its subsequent echoes (Civera et al., 2019; Albareda et al., 2018).

Together these two research questions converge on a central conclusion, sustainability in South African SMEs is relationally enacted and ethically sustained.

7. Chapter 7 – Conclusion and Recommendations

7.1. Introduction

This chapter consolidates the findings of the research and closes the theoretical and practical arguments of the study. It answers the research questions, evaluates the propositions and draws together insights from the literature and empirical evidence to show how sustainability-oriented supply development (SSD) manifests in South Africa. It also identifies theoretical, empirical and managerial contributions, offers recommendations for practitioners and policymakers, outlines study limitations and proposes avenues for future research.

This chapter concludes the study by synthesising the key components identified and developed throughout the preceding chapters. It integrates the theoretical foundations established in Chapters 2 and 3, the methodological approach outlined in Chapter 4, the empirical findings presented in Chapter 5, and the interpretive analysis in Chapter 6. Together, these elements inform a set of conclusions that outline the theoretical contributions and practical implications of the research.

7.2. What Was Studied and Why It Matters (Business Relevance)

This research explored how contextual factors and stakeholder relationships influence SSD among South African SMEs. SSD was investigated as a strategic mechanism for promoting inclusive industrialisation and competitiveness under the National Development Plan (NDP) and UN SDGs. South Africa's industrial structure largely remains dominated by corporations, yet sustainable growth depends on SME participation in formal value chains. Load-shedding, financial fragility and regulatory inconsistency limit SME integration, but collaborative models promise more resilient supply ecosystems. Understanding how SMEs interpret and negotiate sustainability within such volatility is crucial for policy coherence, enterprise development and investor confidence (DTIC 2022; National Treasury; Green Economy Strategy 2021)

7.3. Research Context and Why it Matters

South Africa's economic environment is characterised by institutional pluralism, where progressive sustainability policy frameworks coexist with fragmented implementation. SMEs must navigate liquidity challenges, infrastructure instability and dependence on dominant buyers or DFIs. Yet, relational networks offer pathways for capability acquisition and legitimacy building. This hybrid context positions South Africa as an ideal empirical setting to explore SSD under partial institutionalisation, where sustainability emerges through adaptive collaboration rather than regulatory enforcement.

7.4. What Was Known and Unknown (Theoretical Relevance)

SSD scholarship was largely derived from stable institutional settings, emphasising top-down capability upgrading and compliance-based governance (Kraus et al., 2007; Yawar & Seuring, 2017). The literature was therefore well developed on what buyers do to enhance supplier performance but underexplored regarding how SMEs sustain SSD under fragility. Uncertainty persisted about whether sustainability could thrive through relational governance, adaptive legitimacy and moral reciprocity. This study addressed that gap by situating SSD within the relational and ethical dynamics of emerging markets and extending theory from structural determinism towards contextual and social co-creation (Huq & Stevenson, 2020; Benton et al., 2020; Albareda et al., 2018; Civera et al., 2019)

7.5. Methodological Approach

Guided by an interpretivist paradigm, the study employed a qualitative, multi-case design utilising semi-structured interviews with SME owners and managers in manufacturing and service sectors. Participants were purposively selected for their active engagement in supply chains linked to sustainability initiatives. The data was analysed thematically using Braun and Clarke's (2019) six-phase framework. Credibility was supported through iterative coding, peer debriefing, and participant validation. This approach focused on the participants lived experiences over predefined characteristics, aligning with the relational ontology that underpins SSD. The research design facilitated

a nuanced examination of how sustainability is understood and delivered within the everyday practices of operations.

7.6. What Was Found and How It Was Interpreted (Principle Theoretical Conclusions)

7.6.1. RQ1 – How do contextual factors influence SSD among SMEs?

Contextual factors such as policy, finance, infrastructure, and market pressures were found to act as both enablers and constraints. SMEs engage in adaptive legitimacy, selectively complying with coercive policy demands while building credibility through performance and ethical conduct (Huq & Stevenson, 2020). Financial limitations often trigger relational innovation, where partnerships with buyers and development finance institutions (DFIs) substitute capital ownership with access. This finding supports Benton et al. (2020), while also refining their argument by illustrating how constraint itself can become a catalyst for creative problem-solving.

Institutional ambiguity generates improvisation, echoing Touboulic and Walker's (2015) idea of sustainability through social learning. SMEs reinterpret policy as opportunity when legitimacy and trust can be gained. Infrastructure fragility and market concentration drive cooperative problem-solving, shared logistics and joint energy investment, which extend Busse et al.'s (2016) model of collaborative supplier development. Thus, SSD in volatile contexts is not compliance-driven but negotiated where sustainability becomes an adaptive process balancing structure with agency.

Theoretically, RQ1 refines SSD by evidencing that contextual adversity catalyses relational capability, defined as the skill to convert uncertainty into cooperation. Policy and finance are not deterministic structures but relational fields through which SMEs sustain agency and social legitimacy. SSD, therefore, operates as a moral economy of reciprocity rather than a linear progression of capacity building.

7.6.2. RQ2 – How does stakeholder relationships influence SSD among SMEs?

Stakeholder relationships with corporates, government, financiers, and employees, constitute the ethical infrastructure of SSD. Relational governance grounded in trust and co-learning emerged as the central organising mechanism. This confirms Yawar and

Seuring (2017) and adds to their model by showing that mutual mentorship drives behavioural change. Partnerships with OEMs and DFIs transform dependency into developmental interdependence, validating Busse et al.'s (2016) notion of sustainability as collaboration.

Moreover, cross-sector alliances demonstrate that SMEs possess agency where they reinterpret asymmetric relationships as spaces for innovation and moral accountability. ESG metrics operate less as control and more as shared reflection in what Albareda et al. (2018) term "participatory ethics."

Theoretically, RQ2 potentially refines Stakeholder Theory by illustrating that legitimacy in fragile contexts is relationally constructed through consistent moral action. SMEs' survival and sustainability depend on relational credibility, which functions as soft governance when formal systems fail. SSD thus emerges as a living network of moral reciprocity where sustainability is continually co-produced through ethical engagement.

The revised conceptual framework (Figure 5) operationalises these findings by illustrating SSD as a cyclical interaction between contextual enablers and stakeholder agency. This integration reflects how relational capability, moral reciprocity, and adaptive legitimacy together sustain SME competitiveness.

7.7. Contribution to Theory

This study contributes to the body of scholarship on SSD by interpreting how sustainability is constructed and sustained by South African SMEs operating within volatile and institutionally fragmented environments.

The discussion is organised according to what the study adds to existing knowledge, how it refines current conceptual understandings, and where it differs from the SSD literature.

7.7.1. Addition

The findings add to SSD scholarship by suggesting two empirically grounded constructs namely, relational capability and adaptive legitimacy, that appear to explain how SMEs enact sustainability under conditions of uncertainty.

Relational capability is interpreted here as the ability of SMEs to mobilise trust, mentorship, and mutual learning as strategic resources when formal support structures are weak.

Building on prior research (Krause et al., 2007; Busse et al., 2016; Yawar & Seuring, 2017), this work highlights the foundational role of social and ethical capital in achieving sustainable supplier development.

Consistent with Albareda et al. (2018) and Huq and Stevenson (2020), the concept of adaptive legitimacy is introduced to describe how SMEs establish credibility through consistent, transparent, and reliable practices, as opposed to reliance on external certifications or regulatory compliance.

Together, these emerging constructs propose that SSD in emerging markets may operate as a relationally adaptive system, where sustainability is advanced through ethical engagement and mutual reciprocity rather than through rigid, compliance-driven mechanisms.

7.7.2. Refines

This research offers potential refinements to the literature within both Sustainable Supplier Development (SSD) and Stakeholder Theory.

Firstly, the evidence implies that stakeholder engagement may be better understood as an ethical competence, which is the relational and moral capacity to sustain collaboration, rather than solely as a managerial tool (Freeman, 2010; Civera et al., 2019). Participants' narratives indicate that SMEs exercise moral intelligence to preserve cooperation despite structural fragility, thereby enriching stakeholder theoretical discussions about agency and ethics.

Secondly, the study contributes to refining the linear perspective of SSD by revealing a cyclical, co-learning dynamic in which SMEs and their partners continuously respond and adapt to evolving contextual situations.

This sample both supports and extends existing models (Benton et al., 2020; Bai & Satir, 2022) by positioning sustainability as a dynamic, negotiated process rather than a predetermined outcome.

Lastly, the findings offer a potential refinement of the conceptual link between sustainability and ethics, suggesting that enduring legitimacy in emerging-market supply networks is more often grounded in moral agency than in regulatory enforcement. This insight helps bridge the theoretical divide between institutional compliance and ethical responsibility.

7.7.3. Differs

The study may diverge from earlier SSD research in both its epistemological stance and its contextual focus.

Where much of the existing literature adopts a positivist, Western-centric perspective focused on measurement and control, this study employs an interpretivist and relational approach that prioritises meaning-making, mutuality, and the lived moral experiences of participants.

Empirically, the study differs by situating SSD within a Southern relational lens. South African SMEs appear to practise adaptive collaboration; a participatory and co-creative process grounded in collective problem-solving and interdependence. This perspective diverges from transactional or compliance-driven models by positioning sustainability as socially negotiated and culturally embedded.

The difference also showcases how the research conceptualises governance. Rather than viewing sustainability as dependent on external enforcement, the findings portray it as a moral economy sustained through trust, accountability, and shared learning. This potentially suggests an alternative paradigm “relational agency” in which SMEs act not as passive recipients of development but as active, value-creating participants shaping ethical and inclusive growth.

Table 28: Summary of Contributions

Construct / Theme	Existing Scholarship	Finding from This Study	Contribution Type	Outcome for Theory
Contextual Factors	Viewed primarily as structural constraints (Huq & Stevenson, 2020)	Context operates as a catalyst for relational innovation	Refines	Reframes context as enabling field for adaptive learning
Stakeholder Relationships	Emphasised compliance and transactional coordination (Yawar & Seuring, 2017)	Trust, mentorship, and moral reciprocity substitute for formal institutions	Adds	Introduces relational legitimacy as sustainability mechanism
Institutional Stability	Centred on formal regulation and coercive mechanisms	SMEs sustain ethics via informal governance and moral agency	Differs	Extends institutional theory for developing-economy contexts
SSD Governance	Defined by buyer-driven codes	Revealed as co-created, ethically negotiated governance	Adds	Positions SSD as moral–relational rather than compliance-based system

7.8. Practical and Managerial Relevance

7.8.1. Policy Coherence and Alignment

Fragmented sustainability policies weaken the incentives for legitimacy. Aligning national, provincial, and sectoral mandates would promote consistency in implementation and accountability. Greater policy coherence would enable SMEs to plan and invest in sustainability initiatives with increased predictability and assurance.

7.8.2. Relational Capability Development

Supplier-development programmes must integrate relational skills alongside technical competencies. Relational capability strengthens collaboration and mitigates power asymmetry, improving supply-chain cohesion and sustainability outcomes.

7.8.3. Development Finance Innovation

DFIs should transition from compliance-based funding to partnership-based financing. By rewarding long-term learning and impact rather than short-term audits, DFIs can foster deeper, trust-based relationships that encourage SMEs to embed sustainability into daily operations.

7.8.4. Collaborative ESG Measurement

Introduce shared ESG dashboards, co-developed by corporates and SMEs, that reframes measurement as a platform for co-learning rather than a mechanism of

disciplinary oversight. These dashboards can contribute to greater transparency, improved data capabilities, and shared accountability for sustainability outcomes.

7.8.5. Mentorship and Knowledge Ecosystems

Developing structured mentorship between original equipment manufacturer (OEM) subject matter experts and SME managers can formalise knowledge transfer and support experiential learning. This form of human capital linkage can contribute to embedding sustainability practices within SMEs, enhancing the likelihood of their longevity beyond the duration of external interventions.

7.8.6. Strategic Integration into Corporate Governance

Corporations should integrate SSD into their broader risk management and strategic sourcing frameworks to enhance resilience and long-term value creation. Treating SSD as a resilience-building and reputation-enhancing strategy positions as an organisational competency rather than a compliance exercise

Collectively, these implications shift SSD from policy aspiration to strategic practice. They demonstrate that relational trust, development finance and collaborative measurement are not peripheral but central to sustaining competitiveness in volatile markets.

Table 29: Alignment Matrix

Element	Chapter 1 (Introduction)	Chapter 2 (Literature Review)	Chapter 3–4 (Methodology)	Chapter 5 & 6 (Findings & Discussion)	Chapter 7 (Conclusion)	Supporting Literature
Research Aim	Examines how contextual and stakeholder dynamics influence SSD in South Africa.	Positions SSD within sustainability and stakeholder theory.	Operationalises interpretivist qualitative design.	Reveals relationally adaptive mechanisms linking context & collaboration.	Synthesises a cyclical relational model of SSD.	Jia et al. (2023); Bai & Satir (2022); Albareda et al. (2018)
RQ 1	Influence of contextual factors on SSD.	Analyses policy, finance, infrastructure, and markets.	Codes contextual complexity.	Shows adversity fostering innovation & trust.	Contextual volatility stimulates learning & adaptation.	Huq & Stevenson (2020); Mokoena (2022); Gregory (2023)
RQ 2	Influence of stakeholder relationships on SSD outcomes.	Explores governance and interdependence.	Captures relational perspectives.	Moral engagement & mentorship substitute formal control.	Stakeholder interdependence as ethical architecture of SSD.	Freeman (2010); Benton et al. (2020); Siems et al. (2023)
Theoretical Lens	Stakeholder Theory & Interpretivism.	Extended through relational sustainability literature.	Guides coding & theme interpretation.	Illuminates relational legitimacy & trust.	Extends relational, ethical stakeholder logic.	Civera, Freeman & Lomi (2019); Albareda et al. (2018)
Conceptual Contribution	Links context & collaboration for inclusion.	Identifies relational gap in SSD studies.	Ensures methodological fit.	Produces revised conceptual framework.	Defines SSD as a moral, relational economy.	Elkington (1999); Brookbanks & Parry (2022)

7.9. Limitations of the Study

The study's qualitative design, small purposive sample size and male-dominated SME sample limit generalisability and gender diversity. The focus on manufacturing and service sectors narrows cross-sector comparison. This limitation is inherent in qualitative research, where depth of understanding is prioritised over broad applicability (Ochieng 2009). Researcher bias is a potential limitation as qualitative analysis involves subjective data interpretation (Ochieng 2009). To address this, triangulation through secondary data sources and participant validation has been employed to enhance credibility and reliability.

7.10. Recommendations for Future Research

The findings of this study uncover several new areas that encourage further scholarly investigation.

Firstly, future research should aim to develop robust and measurable constructs of relational capability. While this study identified trust, mentorship, and moral reciprocity as central to SSD in emerging markets, these qualities remain conceptually rich yet

empirically under-operationalised. Quantitative studies could design scales or indices that capture the dimensions of relational capability, enabling comparative assessment across industries and contexts.

Second, future research should examine the longitudinal evolution of adaptive legitimacy. The present study captured relational adaptation as a snapshot in time, yet legitimacy and credibility are dynamic constructs. Longitudinal studies would reveal how trust-based relationships between SMEs and stakeholders evolve, stabilise, or erode as institutions mature and policies shift.

Third, there is scope to explore the intersection of moral leadership and supply chain governance. The study revealed that SME leaders act as moral anchors, shaping sustainability practices through ethical example rather than formal policy. Further research could analyse how leadership values influence organisational learning and inter-firm collaboration, contributing to theory on moral agency within sustainability governance.

Fourth, comparative studies across geographic and sectoral contexts could determine whether the patterns of adaptive collaboration observed in South Africa are generalisable to other emerging markets. Cross-country research among African, Asian, and Latin American SMEs could assess how cultural, institutional, and economic factors mediate relational dynamics in SSD.

Taken together, these research directions offer the potential to deepen scholarly understanding of SSD as a phenomenon shaped by relational dynamics and sustained through ethical practice. By examining its behavioural, temporal, and technological dimensions, future studies can build on the theoretical and practical foundations established in this work.

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Appendix

Appendix 1: Interview Protocol

- To start us off, please tell me a bit about your business and your role in it.
- Please tell me about your experience of what the business has achieved in its participation in supplier development initiatives and how it's shaped the business.
- Please can you tell me about your understanding of the external factors that influence a sustainable supply chain?
- Thinking about external factors, what has the business learnt about navigating these external factors?
- Please can you tell me about how key stakeholders are involved in sustainable development initiatives?
- To your understanding, who are the key stakeholders and what are their roles in these initiatives?
- Please could you tell me, to your knowledge and understanding, what the business has learnt about how to engage with key stakeholders to improve supply chain participation?
- Please could you tell me about how you see this going forward for the business

Appendix 2: Informed consent letter

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on sustainability-oriented supplier development for SMEs. Our interview is expected to last about an hour and will help us understand how contextual factors shape SMEs' ability to engage in sustainable supply chain practices and what roles do key stakeholders play in sustainable development in supply chains. Your participation is voluntary, and you can withdraw at any time without penalty. All data will be reported without identifiers. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: Reevash Parmessar Email: 23643032@mygibs.co.za

Research Supervisor Name: Dr. Jill Bogie Email: BogieJ@gibs.co.za

Signature of participant: _____

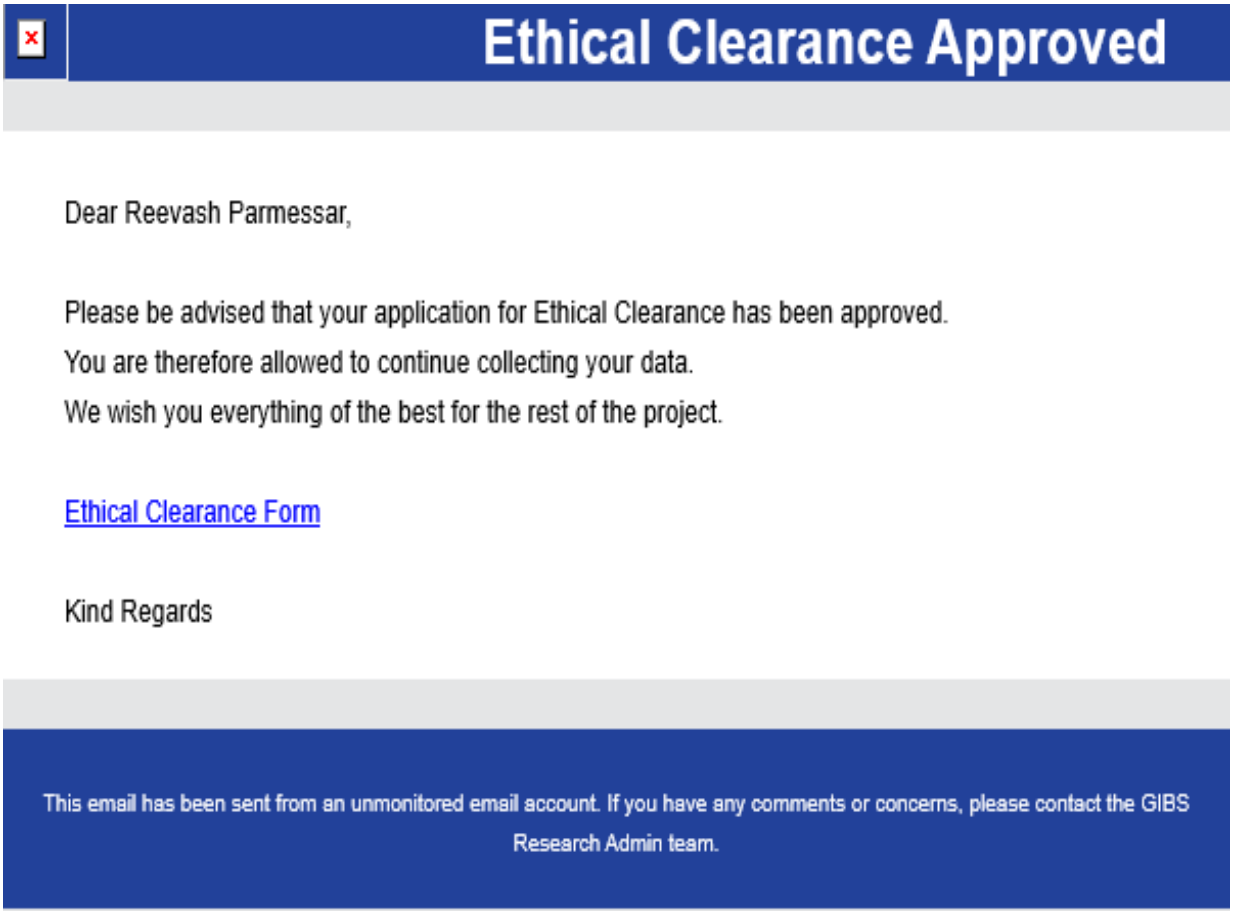
Date: _____

Signature of researcher: _____

Date: _____

Date: _____

Appendix 3: Ethical Clearance



Ethical Clearance Approved

Dear Reevash Parmessar,

Please be advised that your application for Ethical Clearance has been approved.
You are therefore allowed to continue collecting your data.
We wish you everything of the best for the rest of the project.

Ethical Clearance Form

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

Appendix 4: Code Book

Code
200 000 for software or 500 000 for non-income producing piece of equipment and I when I motivated my submission to you guys, I said we want to create a digital support around the 15 machines we have.
A combination of getting caught by them was a very humbling experience and when the OEM decided to commit to us in moving forward, it was one of the most humbling experiences of my life.
A good example was we localised the air dryer as part of the GE 44 class localization programme.
A later grant from another OEM last year helped us invest in other divisions of the business.
A new problem is education quality.
Actually a training center, not a trade school.
Airbus had given him some critical work to do, the long-term contract and Airbus wanted a risk mitigation strategy in South Africa, said their building [had] burned down.
Airbus took the work away from Denel not because of quality, but because of financial risk and reputational risk of what was happening to state owned enterprises.
Also training, training in the sense with an example, we've had a customer train actually pay for one of my staff to do a business management course.
And also we run a high tech operation and not everyone wants components managed by people like us with quality management systems, certificates, all these things.
And doing what we do, it's very difficult, especially with cash flow.
And established some context there which have been followed up so I'd say primarily, yeah, that's our main form of interaction with our, with our customers.
And from you guys, we got equipment we wouldn't have been able to purchase in the normal course of business unless we were very profitable.
And I think there must have been tremendous risk that we'd lose the whole contract, all the work, but Airbus took a longer term view and kept the contracts with Denel and Aerosuit because we were working for Palestine.
And in the beginning, the BEE thing was very much into enterprise development, skills development.
And so you realise that some of these things that we always thought, oh no, you've got to buy that from the OEM overseas or whatever at a ridiculous price.
And that way when we've got a motivated team, it's easy to market the business
And the fact that [the OEM] has bought into us effectively does help to get the door open if you can pick up another OEM.
And the other thing is, you know, the parastatals are the cornerstone of all economies, American economy, our economy, and when the parastatal is not honourable with regards to the tenders or contracts they issue, that becomes a major issue.
And then again like in your case we got I think 1.2 million rands worth of equipment that we put on the floor.
And then I think there was some gather with two items, additional items of equipment for the factory, a cattle saw and A and a weighing scale that were paid for.
And then I was kind of starting to talk about, you know, the, the, the process of documenting that communication, non conformance reports and so on that.
And then of reason we had wrapped it, assist us with the equipment, the equipment that we couldn't buy.
And they would want to deal with certain suppliers that conform to certain standard in terms of environmental concerns and the big one is global warming.
And us being a BEE company actually put us in a better position because now besides our service, the key stakeholders can see that we are actually, you know supporting this initiative of uplifting the Community and development.
And vacuum hose is a product that's quite unique to very few railroads around the world.
And we had to just generally make sure that our quality assurance met their standards and over the years have added to it cyber security, security.
And we have a metric, quality metric measurement for our quality engineer that doesn't measure him on the number of NCRS issued, but it measures his performance on the number of repeat NCRS for the same fault that he issued on a supplier.
And we subsequently last year we were granted further monies by Web Tech, which we used to buy some equipment for our factory year, including a new spray booth.
And when Denel left, 60% was gone because we did work with aero services, land systems, dynamics, missiles, armoured vehicles, every Denel division was a customer of ours.
And you know from the other customers also potential doors were open where I never mentioned before.
Another sector is rail, now that contracts are opening to private sector.
Another supervisor was studying N3 mats and every lunch night I used to help him out and as soon as he got the N3 mats they promoted him and put me back on the floor.
As a fitter and Turner, a Mercedes fitter and Turner, but I worked as a tool and jig maker myself and another guy, Wiseman Kumalo, were the highest qualified in the workshop of 50 artisans.
As far as that, so yes, it's it's expanded our reach way before, way beyond what we would have done without them, without the government actually, and without the OEMs that are supporting us and developing.
As I said, the standards that we work at are international standards as the required by the OEMs.
As I've said, there's one or two clients that have asked us statistics on our carbon emission.
As long as we can address the vandalism on the track and maintain the track properly, I foresee that as a company we have good times lying ahead as everybody in the rail industry in South Africa will experience.
As small companies, you know, we actually rely on company partnerships like, you know, bigger key role players, you know to support us in, in, in indebted initiatives you know.
At the same time, we can pursue a motto of having cheap labor and increased resources.
Bad weather can affect us too, shoots get cancelled, events rescheduled, and clients avoid risks or losses.

Basically by, you know, funding that we actually received from the key stakeholders, it actually gives us the opportunity to buy these assets basically like the key current key, the key players basically actually helped us with the with the forklift in the truck, and actually it actually made our turn around times basically, you know in the supply chains actually better because now we can actually bring stock on bigger trucks to our warehouse and you know cross load and you know diversify.
Basically, it's long term long term you know growth, I mean you know if you don't want to just do business for five years, but you actually want to get into the market, make name for yourself and you know just grow from there.
Basically, we do local transport imports, exports, customs clearance as well small growing company.
Because of finance, what that has done, it has increased our productivity.
Because we were a small business with big potential, customers saw that.
Before, I was using a small machine to process and edit footage, and it used to be slow.
Before, I'd been using old and outdated equipment and with such equipment sometimes you struggle to compete, you know, in this environment where everyone is bringing up their state-of-the-art equipment.
Bridging cash flow and also from a financing perspective because a lot of our feet is acquired on a farm.
Bring them in and access cheaper finance so that you can fulfill certain customer requirements because there's a financial strain or these we've just got a problem with the cash flow.
But actually an excellent group of suppliers that supply band relevant really part of the strength of the company we're talking off before the start of the interview about the importance for Transnet of having good suppliers.
But also we're mindful of the fact that there's the issue of safety as well, which is a big one for most corporate clients.
But at the same time, we need to guide against or guide in ensuring that safety is also a key component of that.
But Denel closed, leaving us with a specialised machine that doesn't fit our daily operations.
But do you think it's quite difficult to get the standard and it's not so much in the actual machining or the engineering.
But finance, finance is a is a key one in terms of the financial model.
But have been very important to run the business.
But I'm not ruling out weather.
But it can only be an issue that pertains to safety.
But it's always the case that people who have better equipment, they get better-paying gigs.
But recently, changes to the Preferential Procurement Policy Framework Act (PPPFA) removed some localization notes.
But the early aerospace support we got was critical to lift us to certifications.
But the main engagement is with customers.
But the mode has worked from us cause yeah, we've had a few clients come our way because there's been a referral.
But there is the risk that you bring in cheaper resources, so those employees will be demotivated to do their jobs and some clients can pick it up.
But we like to stay on the right side of them but and we fully tax compliance and we pay our dues and we pay our taxes and.
But with this current equipment that I managed to get, I am now able to process things in record time, provide quality footage, whether photographic, videographic, streaming, or design services.
But yes, I'll say finance and then I will say technology as well as I was talking about the ISO standards that we are waking up to now.
Buyers don't always understand the technicals.
Cash flow has always been a problem, you know, for us smaller companies, but with the support that we got the ESD support we managed now to be able to secure the deposit which will help us to secure a good truck.
Clients sometimes only consider you if you have state-of-the-art equipment.
Companies approached us, not the other way around, because we were in a niche market with few suppliers.
Creating resilient, inclusive supplier chains and encouraging us, you know, local economic empowerment, particularly under in the developed, underdeveloped communities.
Customers support you when business is good, but competition means they always compare pricing and quality.
Customers you know, supporting us with the supply development initiatives for companies like us, like B EE companies, it actually helped us, you know, to secure some trucks, you know, a way we can actually employ people from disadvantaged areas, you know, so it actually helped us grow in, in employing more people and, you know, buying more assets.
Employee retention in the sense that you pay better salaries, you pay bonuses for a small business, that's important because I know a lot of small business are associated with an authority that they know they don't pay well, they don't pay bonuses and that type of stuff.
Engaging with the those institutions, government institutions, we must keep engaging with OEMs.
Essentially we're involved in transportation of passenger paying passengers.
Eventually Denel Aerostructures, which was a division of the company that manufactured the aircraft parts, lost the Airbus contract.
Every month you've got to be quick on changeover times, the systems, the processes, the controls over computer programs that go to the machines, etc.
Every second year, it's the biggest rail show in the world.
External factors, well, mainly finance to start with.
Facilities if we if we need them because sometimes obviously as you market the business, you grow the business, you find that you've taken in so much work and you don't have the working capital.
First of all, you should diversify because if you've got all the eggs in one basket and something goes wrong... When Denel went belly up, 60% of our turnover was with Denel.
First, we support an investment fund.

For example, if a news channel requires broadcasting, then in my case, strike doesn't really affect me because I can go there with my camera and equipment, liaise with the broadcasting correspondent and staff, which in turn becomes an advantage for me.
For example, not leaving customers to pay me when they feel like and get a better understanding of accounts receivable helped me manage the business finances better.
For example, six months ago an issue with import codes delayed supplies for a month.
For example, we contracted suppliers to make certain equipment for us.
For example, with the DTIC we get invited to what is called outward sailing missions.
For me on the other side, during COVID there was a need for medical equipment and COVID actually.
For me, the stakeholders obviously would be to be the bank that's the main stakeholder for me.
For our palace, sporting clubs, private individuals, but therefore a small component of our business.
Fortunately we were able to find a version in South Africa that allowed our machine to operate, but you can imagine you've got a 5 axis machine, your biggest machine, and it goes down and you can't get spares within five or six working days and you're losing 1000 Rand an hour while it stands and you run 24 hours a day.
Fortunately, while the rail side was quiet, our other departments grew and kept us afloat.
Getting downwards and really the only opportunity for growth unless we diversified into other industries was to look at export markets and that's where I think the grants helped us increase our focus.
Has its own job card, has its own works instruction which details often the photographs how that part is put together so that whole quality management system is, in my opinion, absolutely key if you're trying to create a sustainable business so that I don't come back, come to the office.
Having stock on the floor is king, if you can deliver immediately while competitors offer six to eight weeks, customers choose you.
How do you navigate those stakeholders internally?
I also targeted blue chip customers.
I can go back to the client and motivate to the client based on safety, why a certain standard was not adhered to.
I don't know if you've noticed, but even with transit, when you have your contract meetings.
I don't think the guys, they understand, but for us it's going to be, it's going to be a whole new company in a year's time because we're getting equipment like that.
I escalated to the new head buyer and eventually the orders resumed.
I find it disappointing that we don't have more FaceTime with our customers, but yeah, so it's often emails.
I focus on engineering, review, and that type of thing.
I guess the government, the tax man and the government and all the regulatory people as well.
I had previously lost a customer because of low-level complaints, so this time I went with my MD to meet the senior manager and the ladies on the assembly line.
I just, I just grew fed up with corporate for various reasons and I was in a fortunate position that I also studied engineering and also I understand the elements of safety quite well.
I mean we had, we've had it from you're aware of the grant that we got from The OEM.
I mean, like the aerospace customer we have has held our hand in getting through all the processes we needed to get up to aerospace standards.
I mean, we've had opportunities to do certain parts that we would never have had opportunities to play with if it wasn't for them.
I motivated proposals for government and industry funding.
I personally foresee that with the with the opportunities now presenting themselves in the rail industry that we're heading towards better times.
I said before that I got two things from supplier development programmes, one is financial assistance to buy vehicles and the other was business advice.
I said, let’s not lose customers, let’s get into areas with barriers to entry, like aerospace, oil and gas, medical equipment.
I studied quality assurance for one year.
I think I think there's there's an opportunity for Van Rail further afield as well.
I try to get our guys to connect at different levels in customer organisations, from the most senior person down to the production contacts.
I was successful in getting grants for new machines.
I went to a presentation about the motor sector by a professor from GIBS, and he painted a dismal picture, capability is eroding, equipment is older, people are older, we’re not training, no incentive to bring youngsters into industry, and the pay is lower compared to finance and other sectors.
I’m also looking at manufacturing-on-demand platforms.
I’ve been the driver of getting big customers like Airbus.
If I'm unable to get to the gig because of a strike, that's loss of income.
If something prevents us from delivering, we refer to the contract clauses with clients.
If you don’t have a tender or contract in hand, you’re without business.
If you only deal with the buyer, you’ll miss issues.
If you're not available of you know as partners not available, there must be always somebody available as a backup because service is our, it's actually [our] service that actually made us where we are today because if it wasn't for servers, the key clients wouldn't have seen our potential and wouldn't have given us this opportunity to boost us further and bring us where we are today.
I'm a operations manager overseeing all operations, strategic decision making into the day-to-day, you know logistics.
Immediately I phoned the guy that sold me the machine, so he gave me, he said to me.
In 2013–2015 we bought felt from a local manufacturer, but quality was poor.

In 2014, under GE during the Denel contracts, we acquired a CNC machine for precise cutting.
In fact, still run vacuum brakes and then Southeast Asia is pretty much the only other place apart from preservation railways in places like the UK and Australia and so.
In fact, when I joined the company, that was the first impression I had of the company from my previous employer was that we had a much better quality of suppliers across the board, whether it was where we brought our fastness.
In making us a Better Business, a more competitive business in the international market, we chose to we only focus on the rail industry as a company and specifically the railing stocks started railing and which meant that when Transnet started getting into difficulty and the rail market started getting smaller in this country, it meant our turnover horses started getting.
In my case, ever since I've received assistance and funding in this regard, I've managed to be along the line of professionals and attract quality clients with big budgets.
In other words, there's a company, Clifford Engineering, that manufactures machines.
In our early days of doing aerospace, there was a lot of training and transfer of technology that was required to get us up to speed for aerospace standards.
In previous years we got loan finance from them, we got technical training, we got a whole myriad of assistances.
In Rosslyn and we deal mainly with OEMs like yourselves, we deal we used to deal with when they were here, the CRRC, the Chinese.
In terms of supplier development, have you received and in what form mentorship, grant, loans?
Instead of holding 6–12 months' worth, we asked customers to give us a three-month usage forecast.
International welding standard that they sponsored us for that.
Is there any sort of regulation or legislation that impacts you?
It does not matter sometimes if those guys even provide quality services.
It is in the documentation, paperwork, quality management systems and the confidence they have in you.
It requires skilled operators and is costly to run.
It revolutionized the way we built machines.
It was a decision we took when we decided do we diversify into other industries or do we stick with rail and the onset was rail in itself is always going to be there.
It was just a clean First off approval and it gets annually renewed for two years, so the expensive of that audit and the subsequent 2 years was also paid for by renting.
It was not direct manufacturing equipment because of.
It was planned well, but when Denel collapsed, the machine became underutilised.
It wasn't that they were here for 18 months, they had two or three visits in the time, but we had to redo our quality management system.
It would be nice to get some other OEMs buying into us at the same scale.
It's expensive and requires highly paid, skilled staff.
It's important for projecting five to ten years ahead.
It's a good, powerful injection, especially when it's not budgeted for.
It's a shared mode of it could work out to be a shared mode of transport there by reducing carbon emissions.
It's an external factor that most of those that come in as interns, we have actually after their internship.
It's important and critically important that we conform to statehood or implied requirements of the implied requirements of the clients.
It's made a big difference in the way we do the work, and the speed at which we build the machines has increased tenfold as well.
It's not only for one client, but I can actually look at other clients you know making use of this support that I'm getting so I can actually target other clients now and I didn't see that before.
It's not only within the transport and logistics side, but you know we also had a mentorship.
It's probably one of the problems of COVID is that the opportunity to meet people face to face has started to fall away.
It's quite easy to buy a machine if you're making profits with three or four million.
It's the second time that we're actually getting funding now with this company.
It's, I must say, I suppose in a way the written communications become a lot easier with the Internet and emails.
I've actually, expanded into marketing lubricants and you know, consumables purchases, I've never done this for this client before, but you know they've opened my vision, you know, on the sourcing side as well.
Just because you want to localize 30 parts in very low volumes, it's less effective than five parts in big volumes for export.
Just generally the companies with more responsive pricing was better and that I think partly was because the shareholders who are bought shares from when I joined in 2008.
Just to see how the other countries are doing business and actually to see how we can open markets, export markets and as a result we've actually started exporting to some African countries like DRC, Zambia and in the region Namibia, we actually, without those interventions from government, the networks that we're giving from government would in bed been able to track into the export market because it's very expensive to travel and to be in those markets, but the government has been supporting us financially.
Key stakeholders would be the government in terms of the government agencies like DTIC and then on the financial side we've got IDC, we've got SAFA, CFA and all those they help us a lot financially and they help us a lot in terms of skills development initiatives and stuff that we do which we might [have] probably not be able to do on our own without the support of that those external networks that we have and I'll say and a lot of people complain and stuff, but we find a lot.
Last year we hadn't had grants from people for a number of years.
Listen, I'll take this machine back.
More locally, we prefer dealing with small startup companies and support them when they face financial difficulties.
Most impactful was from an OEM in the past two years.
Most of our suppliers, those that we partner with, especially an OEM, there's a lot of technical knowledge that we have gained.
Much on the pricing side, we've got a limited gap to which we can play around with our prices.

No funding or anything, but as time went past you know the you know, getting contracts from big companies, locomotive and automotive industry is actually.
Obvious safety is a big one as well.
Obviously all our other customers are owing in customers in particular, so yourselves and the tractions of the world and the Toshiba's and the Elston's and so on and then and then our suppliers.
Obviously for others it affects them, but in our jobs, roles are different.
Of course the new operating companies that will diversify and to some extent it's if you only service the railways and you're primarily based in South Africa and you transit, it's not your main customer, you've got to wonder where.
OK, as operations basically the case the accounts is also internally basically a lot of our family is basically from poorer disadvantaged communities.
OK, so we got the contract, took a number of years to bed it down, to understand it, stop losing money on it and get it done.
OK, so you're looking at the economic trends, you know markets, you know the volatility, what's actually happening currently in the politics in the world, all those you know, it actually plays a role like, you know, exchange rates change, you know the pricing is very competitive as well.
On our own business sustainability, the landscape we operate in is contractually based.
On the finance side, we save enough funds so that even if one gig doesn't pay on time, we can still sustain the business.
On the political side of how South Africa has relationships with other countries, we would be Airbus contracts indirectly.
One is geopolitical factors because all our corporate is imported and for example we run Decal Meyer CNC machines.
One of our biggest customers is has a Enterprise development programme where we actually requested some funding assistance for the purchases of a bigger truck.
One of our tender requirements says we need to support local industry for logistics.
Or there's a drive to reduce our emissions, probably to zero.
Other issues are just beyond the within my realms of powers.
Others, like upfront payments to suppliers, haven't worked well.
Our contracts include terms and conditions that cover such situations.
Our customers stopped production, which meant we couldn't supply them.
Our key stakeholders are basically as I say, the big client giants, our customers that support us with this supply development initiatives, the other key stakeholders is actually it's a family business.
Our quality and scalability attracted them.
Part of the world, particularly Thailand, Vietnam, Cambodia, Laos, etc, or all vacuum break railways of Malaysia and self-contained.
Particularly my business in offering transport services for tourists.
Perhaps you can explain it from this angle if we are not able to fulfil that requirement because there's certain safety, there's certain safety issues that ought to be taken care of and in this instance, obviously the drivers on the road.
Premium on those castings sourcing and yeah rather than in China that differentials probably increased of late.
Previously we only had software at the machine, but now we can program it from engineering department while other people are measuring and we've got tooling cabinets that issue tooling so that we can now digitally control who took the tool, what time it went out, you know, all the stats around it because I'm a great believer in big data or data often gives you the questions you should ask and then it often provides the answers and without data you just working on hearsay and digitally, it's nice to collect the data at the source so that your donation or grant in that perspective [was] very beneficial.
Pricing of course is always a factor.
Quality services which is one of them, you tend to get more business or word of mouth would actually even go out to market your business.
Recently, we had a German customer.
Reported the Saint Cobain group, then got sold by Saint Cobain, the French multinational, to a local group of investors, and they had an isomatic machine, so they were quite competitive price wise because of the automated nature of pattern of the mould making and they closed down about 5-6 years ago and yeah, we've we've struggled since then to find somebody who could make those parts and we had to reboot it back to China for the sourcing of those particular castings, which was not great, we pride ourselves on having a very high local content in all our products.
Safety as well is also an important one.
Same for bad weather, if it's so hectic I can't get there, I sometimes decide to protect myself and my equipment for future sustainability, even if it means losing that day's gig.
So 300,000 Rand of the weptic rod went into developing specialised equipment to manufacture the hoses, which I'm pleased to say are now in full production and we are.
So and also your cash flow.
So and then we've also got e-hailing services which are kind of like a threat to us as well.
So briefly in summary, I think we've certainly been very great beneficiaries of the SD grants.
So for us it if the banks are doing well, the land is to is many firm, it's a good thing.
So from that point of view, our survival has been the shareholders, the government in the early day provided a lot of funding for some of our big machines, and supply grants like yours added to it.
So going forward, we want our footprints internationally.
So I always, I spend a lot of money on machine tools and funny stuff, always trying to do the job better and obviously time has always [been] a factor, but quality has always been my first paramount.
So I would probably diversify more.
So I'm trying to diversify into other high tech sectors.

So I'd say our primary stakeholders, our customers and in our case we have one very large customer and Transnet [which] represents almost 60% of our sales go directly to Transnet and probably another 10% going directly to them through other parties.
So if you want to localize more in South Africa, it might be better to say, manage only a few part numbers, but in big volumes for global distribution, and import the others.
So if you've got a flight of skills.
So it really gave us the power to be global, I'd always say globally competitive, that's always a tough challenge, but it gave us the power to compete globally.
So it's important for me to have the right man on the cloud and then you also touched on customers.
So it's important that we try and retain the skills so that we can compete on a global scale.
So it's the OEM [that] is a critical success customer.
So my attitude is, if you have a customer that does that for you when you're in trouble, then you always stand behind that customer.
So my goals: broaden the customer base, rebuild the balance sheet, bring in younger staff with career paths, invest in some new machinery.
So now I'm pushing organisational engineering, bringing in younger people who can grow and later on be heads of engineering or quality.
So now we're tapping international market.
So primarily our revenue comes from corporate clients that need transfers or transportation requirements for passengers.
So really a lot of it is internal energy that comes from the business with add-ons from outside.
So safety is a big one.
So that has helped us a lot and being able to grow the company, increase revenue and compete.
So that was a big learning we had from Airbus and we would never got Airbus worldwide approval if it wasn't because of our relationship with our large customer at the time.
So that would perhaps to a certain extent contribute to a higher CapEx in terms of fleet acquisition and then that would perhaps bring down our margins cause the clients are basically the standard fish.
So the bank is involved in terms of assisting us in.
So the mentorship that I actually got also through this programme identifying, you know, the areas where I can, you know, benefit from this, I was also, I was just looking at it one sided but they actually broaden.
So the OEMs have been very, very helpful with our supplier development and all these supplier development initiatives, I think, yeah, it was GE that actually helped us financially with setting up the ISO 3834.
So the piping and the plumbing of the airlines and the vacuum lines to the more sophisticated equipment which is typically supplied by yourselves by weptic.
So there are the stakeholders, the banks are involved in terms of financing and also overdraft.
So there's been not only skills development but employment creation.
So they've actually locked us into their international market as an OEM.
So they've got to know that your system checks the material from the time it arrives right through every single step, very much like you guys want with rail.
So those are the external factors that makes us more an effective business that we are at the moment and a preferred supplier to OEMs because of our quality and technical qualifications that has been a result of support we received on supplier development and the other external factors also is that we receive a lot of support from the from government, actually DTIC and people like that, we currently have on our floor interns that are sponsored by them.
So we can get away with it at the moment in the sense that most of our clients that seem to best put a premium on safety.
So we could qualify people and get them out to apply for jobs and if we don't employ them, they will be qualified to get work outside.
So we need to ensure that you know what safety is always the number one factor.
So we need to have customers like The OEM who are strict with all the documentation.
So we've been very fortunate to have been the beneficiary of supply development programmes from The OEM originally GE back in the year, but I think it would have been about 2016 or 2017.
So we've got a digital height gauge which has a printout, a little printout which people want and that took quite a lot of work away from our CMM, the computer measuring machine, which gets log jammed because people want printouts on the measuring equipment and you don't get that from a vernier or something so.
So we've had one or two clients ask request us to give them indications as to how much carbon emissions we've emitted in the last 12 months in the last financial year.
So yeah, good communication, both positive and negative and we obviously have a process, the non conformance reporting process to make sure that there are issues.
So yeah, it has assisted us a lot and, driving revenue, increasing profitability, obviously with more profitability, we attempt to play fair with my employees, so.
So yeah, yeah, finance is a big one.
So yes, they've opened the network, external network with government has opened markets for us that we could not ordinarily have had if we haven't had that network and that intervention from The South African government.
So you know we believe we can compete on quality for sure as well.
So you know, it's a very family orientated company.
So you know, with situations like that, and this advisory board had taught me to be harder and wiser because you know when you're too soft in business, you can be taken for the right.
So you might aspire to do something, but financially you can't do it because maybe you don't have the finances or the bank won't give you that extended credit for you to fulfill certain needs.
So you need the bank to be on your side to be to be for them to be for you to be able to.
So you pick up a lot of things in terms of what the company is not doing right, but sometimes about the market conditions.
So, from my side, the financial assistance greatly helped the business grow within the logistics sector, but the mentorship guided me to diversify my business to add the sourcing side.

So, so whatever impacts your supply chain from an external, external factor perception, whatever it is, could be an environment, regulatory, political, whatever it is that influences your supply chain.
Sometimes castings availability of proper foundries that can produce a fasting to an acceptable quality.
South Africa got put on the grey list, the financial grey list because our banking controls were not up to standard and suddenly when we want to get spare parts for those decals, we had to get approval from the German treasury or something, because South Africa's on the grey list.
Stakeholders are companies like OEM's, ABI, Transnet, Eskom.
Stakeholders are the OEM who helped me.
Stakeholders or people like the OEM, who we do work for are a critical success factor to our business.
State order implied, but at the same time we need to ensure that we don't compromise on safety.
That it's a trust they can put in you because when you machine a component for them, they got to know that you machine it correct.
That made us more reliable, we held stock, reduced lead times, and could service customers better.
That production from them, the other expense it was incurred was ISA audit, which was the first time we'd ever been ISA audited.
That was founded basically on big contracts supported by the government.
That would have been a very nice part of the localization programme.
That you have to calculate what was your emissions.
That's a way to broaden marketing into global markets without years of approvals.
That's something I've always been trying to get through to your management team, that we can probably do a better localisation value-add if we focus on fewer parts in economic batch quantities.
That's when they start learning and I believe with an artisan you have to have that experience, the 3-4 years experience.
The additional support with business coaching helped me become better at business.
The Asian countries and perhaps Russia to an extent, they've got the upper hand in terms of resources and what they can do to manipulate markets.
The banks are lending 3 or 4 million.
The business finance, finance model has been derived and you know finance is a key component of it and there's certain values that much desire for, but financially that would fire up for the company.
The but moving like they've done in America, moving more automotives by rail, moving more containers, much more containers by rail, moving more agricultural product by rail.
The capability to draw aluminium bar stock with or aluminium tubes rather just doesn't exist in South Africa anymore, so unfortunately we still import that.
The challenge was meeting demand with limited staff.
The client, the existing contracts were contracted for a certain duration, so they could terminate the contract based on the fact that there's been a safety incident.
The companies that we have partnered with, especially the OEMs.
The downside is sustainability, once you have the machine, you must keep it running and people employed to operate it.
The idea was to build us as a supplier and scale up to meet market needs, create jobs, and improve local manufacturing quality.
The interns on our floor as well and that was very helpful in actually skills transfer and skills development that they did for us.
The material will be expensive, the setup time for the machines uneconomic.
The OEM always comes to us asking for a quote on new parts they want to localize.
The OEM has opened my mind to look at you know, different challenges.
The OEM is not only a stakeholder but also a client, I do frequent shoots for them.
The OEM, they gave me funding so I can actually, you know, increase my capacity will be increased where I can actually do more deliveries.
The partners to it were the UK, Spain, Germany, France and because South Africa was a pre-production customer 10 years before they were going to be produced or something, we became a risk sharing partner, South Africa, and two big work packages were placed in South Africa.
The quality, the quality requirement in this and versus a safety requirement over safety is override overrides quality.
Then you become an artisan, not just train for your trade test and you get a certificate.
There were a number of areas where the peripheral support equipment was not modern and up to date.
There's a UK-based platform, if you pass a test part, you become a supplier and can bid on blue-chip orders.
There's no excuse for the quality of the product, having deviated at all.
These companies link me to clients through referrals.
They are on our floor, but they are paid by the government basically by the DTIC and such kind of government sort of initiatives and they are supporting us.
They are very helpful also for example with the OEM in Kibela, which is Alstom we have.
They ask us to host the interns mainly mechanical engineers and quality engineers that are in and it has helped us so much.
They get credits for the exports which allow them to subsidize imports.
They had an Advisory Board, but CEOs from different companies and it was we had meetings once in three months.
They were receptive, and after submitting proposals we received grants for two or three years.
They've developed us to such an extent that they have exited us from the program because we are now qualified in every way and in any way, so that those initiatives helped us to be more independent as a business and obviously it's increased our turnover us and it's made us a bigger company and what we are going to do now, what we are doing now is we are doing a internship program on our own.
This fund provides funding to up-and-coming businesses.

This is the gramme white air dryer and it's got 5 canisters that the desiccant gets placed into and made out of aluminium and machines and there's a certain ovality requirement that the round tube has to comply to and we could get tillerman and the speaker to draw us the extrude us the aluminium tube but we couldn't get anybody to draw it to the tolerance required that we'd need to go into our machines and ensure a satisfactory machining.
This opened the market to more imports.
This will grow our product offering, improve efficiency, and reduce subcontracting.
Through it, we received funding for a new machine we're installing.
Through sponsorships, we scaled up and kept technologically ahead of the competition.
To be more sustainable, we imported it ourselves.
To develop small businesses, to create, to help us create employment, to help us lead a successful business and one day for us to also be corporate, for us to grow so we don't stay as SMMES.
To keep a customer, you've got to keep them happy.
To scale up really quickly and rapidly, and as I mentioned earlier, we have the systems in place to ensure that if we bring our new staff that there's no reason for any quality problems to be, you know to appear.
To take off, to go down, to give you an idea of how transnets business has diminished, we most of our sales going to waggon support equipment as opposed to locas and that's because there's just so many more waggons.
Today, probably 95% of our product is exported, not directly through ourselves, but like through The OEM.
US was a far markets for us, which we couldn't have necessarily had in terms of that we are now qualified to supply components at a higher level to OEMs because of the supplier development that was given to us to make us an international sort of qualified supplier.
Very price competitive despite maybe paying a little higher for our raw materials locally than maybe some of our competitors do abroad.
We actually learned to think out-of-the-box basically with the limited resources that we've actually had, we actually you know I we form pop the partnerships with other transporters which had that we have the trucks we would use rental companies.
We also do international shows and local shows we've done the sorry exhibition now last month where we get a chance to meet some of the customers that are outside of our borders.
We also engage with the company's overseas teams, visiting their pricing department in Dubai, attending conferences, and hosting their teams when they visit South Africa.
We also got supply development in terms of loans.
We also open up seven-day accounts so they don't wait for payment.
We also requested the forklift support, which was sponsored by one of our customers in the form of supplier development.
We are actually coaching right now.
We are also ISO 9001 quality certified and we also are qualified on the environment and health and safety standards as well.
We are in a niche market because not many rubber products are used often.
We are thankful for supplier development from Alstom and others, it has helped our cash flow.
We asked this week what is we are so that will fit in the future, but we've also been out there and making enquiries to import steel it.
We assembled compressors in a certain way with the OEM's guidance on the assembly and tooling for assembly.
We became a B-BBEE Level 1 manufacturer and supplier, which gave us advantage.
We could manufacture two to five different part numbers economically for your global supply chain, offsetting imports with exports.
We deal with all the OEMs really we are currently our biggest project is with Kibela.
We don't want protection from competition, but we want a level playing field.
We don't need more CNC machines, we don't need more factory space.
We don't see any reason why we can't compete on price and quality has always been a number one priority on our side.
We focus on best lead times and competitive pricing, but even that can be challenged.
We found an investor who wanted to start a transport company and we said great, this helps us tick that box.
We got a very fancy tool setting machine which was 800 000.
We got new machinery, replacing 20-year-old machines that had reliability issues.
We got software for running our CMM machine to allow people to program it while the machine is still running, measuring.
We got the OEM probably because when we had to speak to you guys initially, we could put out, we knew about quality management systems, we knew about those things.
We had a backlog of a few thousand hoses by the time production started that has been whittled away and certainly the grants helped to pay for some of the capital equipment that was needed to be paid for at the at the hose manufacturer we obviously have the rights to that.
We have 9 CNC machines down there where we do the.
We have a lot of staff that have more than 20 years employment with the company and pretty much.
We have quarterly reviews and annual conferences.
We haven't had a massive tender that we could get.
We haven't quite worked out in the rail industry is what's going to replace coal when coal finally is no longer in demand because ultimately a good half of transnets product is still coal, but that's where I'm quite optimistic about the I shouldn't say half about 1/3 of translates tonnage move just called.
We leant that internally and externally, communication is key.
We market the product by the brand name Parker Hannifin.
We pride ourselves on environment and safety.
We started as a small producer, sourcing parts locally and trying to get into the market.
We started importing it ourselves, becoming one of two importers of the product.
We started the rail projects in 2016 with Bombardier (now Alstom), and also supply Gibela.

We supply compressors, dryers, and downstream equipment.
We support supplier development in many aspects.
We take on 10 learners every year for production technology programmes, we train artisans, and we support university students.
We went from 4 machines to 16 machines.
We were converting bombs into smart bombs, fitting them with navigational equipment.
We were involved with donor companies, including OEMs and even Coca-Cola.
We were, we, we were fortunate to be awarded a supply development grant, which at the time we used on a number of projects, special projects that we had on the go, one of them was to market our products more extensively into the international market and we exhibited in fact for two successive inner trance exhibitions in inner trance exhibition held in Berlin and Germany.
We work on, you know, when I started my business, because I'm an artisan, it's just do the job, deliver, invoice and get the money.
We wouldn't have managed to do it without the financial support that we received from GE at that point in time.
We're Level 2 B-BBEE, which makes us a favourable supplier to SOEs.
Well, I've, I'm in a fortunate position that we've touched up on issues of environment stakeholders in the bank, which is a key one, the clients as well that's important and also the employees, human capital is a is a is an important element of it.
Well, so far as far as the assistance and funding that I've received.
Well, strikes can be an advantage on my side.
Well, supplier development has been helpful, especially from a cash flow perspective and also being able to compete with our competitors from a certain angle, in the sense that our overheads.
Well, that means of revenue services are not able to collect enough to fulfill government's needs and then that just increases the probability that there's borrowing that has to be done by government and etcetera, etcetera and that kind of like threatens the land.
Well, we looked at as I said we working on an out of the country getting material external factors and also that affect the business is like our electricity, we have challenges but a generator that helps us in that and we know not to depend on what's supposed to have been a continuous supply, so and then also shortage of labor artisans that's a real touchy part because you know, well, I know when we have studied to become artisans, we serve apprenticeships and we went for trade test.
Well, we've learned that networking with our clients, big clients like yourselves and all the other OEMs, those networks and collaborations have actually helped us to grow as a small as an SMME.
Well, when we started out before we got into aerospace, we were just a local machine shop in the neighborhood serving local customers.
Well, yeah, there's global issues as well as well there that impact the banking sector.
We're a precision engineering business doing CNC machining predominantly for the aerospace industry, about 65 or 70% of our turnover is aerospace and the other part is global OEMs.
We're a substantial part of their business plan as well, particularly the ones who more focused on railways.
We're going to acquire vehicles on finance.
We've always followed the Isaac principles, but we've never actually gone the whole log and got an audit company in to come and audit us.
We've get we get lots of assistance in the sense of knowledge, guidance with deliveries, with technical assistance and production.
We've got the CMM that's coming and you know, The OEM's giving us a CMM, but I don't think they fully grasp how that's just going to change the whole way we do things.
We've got the international approval, we've got the latest, we got a lot of government grants for purchasing new equipment.
We've had supply development from a number of our customers over the years and it's largely helped us keep going at times.
When I joined this business, I came with strategies, jump on transformation, certification, government grants.
When it comes to price increment, prices increment.
When the land collapses, it's not a good thing for us so for us and it just increases the cost of borrowing.
When we started the Bombardier project, we had to come in at the right price.
When you say key stakeholders, you mean our customers?
Where they actually had an engineer on our floor who was permanently based there and some interns, their interns were being trained for the components that we are manufacturing for them.
Where we are sponsored to go internationally for export markets that is we got we've been to America, Japan, South Korea and everything with the DTIC.
Where we get trained to promote labour and also you know the local training.
Where you'd be finding your customers, I can't really say that having them as such a big stakeholder wasn't what was something you should have avoided.
Which of course benefits one's own deliveries to one's own customers, and so on.
Which we developed for web tech, that stage valve and I think all of those initiatives were due to our presence at New International show.
Which will increase our, you know, output, delivery output and which will actually will have 40% upturn in our in our revenue.
With employment, with reducing of prices, with making our production easier.
With state-of-the-art equipment, you can manage better, some cameras are waterproof, or you can add accessories to make it convenient to a certain extent.
With the new equipment, we secure more shoots and some clients pay earlier.
With their manpower or, you know, we would glad to, you know, accept that.
With, you know, development programmes from key customers, it actually will help us in the fact that you know if they can support us with training, they already as I said previously, they've already given us support, financial support.
Yeah, because yeah, you also don't want to lose a skilled portion of your of your population.
Yeah, I foresee, I mean we as a company have been constrained because of the lack of growth in the rail industry in South Africa for at least the last.

Yeah, I think you know being SMME and in South Africa with the broad-based black economic empowerment framework, it encourages us to develop.
Yeah, I've got this one customer, a couple of customers that really helped me a lot with that.
Yeah, skills are an essential part of actually driving our economy.
Yeah, type of support that will also help you know to develop our people further.
Years ago when we started this thing, I saw there was a gap in the market with regards to companies specializing in the engineering of compressors.
Yes, especially working in environments like in inside transit with safety health and safety is top priority.
You can't afford their trains derail.
You know if they can support us with it you know.
You know one man, family but family orientated business as well.
You know the when they arrive at a customer to make a delivery to the.
You know there's always opportunity for improvements, opportunity for improvements in design as well as in supply base.
You know, and I can see why people don't want to invest, because to go after someone legally for either stealing from you [or] cancelling a contract, it's just a nightmare.
You know, at the time The OEM came on board with us, the company was in serious trouble because we'd got caught by one of the parastatals.
You know, if we can actually also get maybe training and you know training in, I would say safety and health and all that stuff.
You know, on compliance side, a smaller companies need more support you know to get you know taking health certification, very costly.
You know, skills development, they helped us upskill our welders and people like that at their cost and we've had supplier development initiatives with the Gibela Alstom as well.
You know, the idea of bullying a foreign company into the BEE system is just ludicrous because that can create so many jobs for you and now you're forcing them to apply these BEE things.
You know, they've assisted us with a test bench and a milling machine, another milling machine coming.
You mentioned OEM, but specific roles in that organisation as key stakeholders.
You need your suppliers, you need your customers, and you always work as a team.
Younger staff lack technical maths and skills compared to older workers.
You're looking for sourcing in South Africa, for example, The OEM and Gibela used to be a customer of ours and other global OEMs in the high tech sectors.
You've got to get enough turnover from these big customers who demanding exacting standards to cover the overheads of putting in place the infrastructure to support the checks and balances and that sort of thing.