Creating Opportunities

Small and Medium Enterprise Dynamics and the Socio-Economic Wellbeing of Households: Evidence from Mbombela Municipality, South Africa.

Master of Development Studies

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DECLARATION

I Thembelihle Kunene, declare that this is my original work and that all the sources used in this thesis or quoted have been indicated and acknowledged by means of referencing. This work has never been submitted for any degree or examination before at any other institution.

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ABSTRACT

Largely, Small and Medium Enterprises have significantly contributed to both developed and developing countries over the last two decades. The SMEs have been acknowledged as the most crucial drivers for economic development and creation of job opportunities. Theoretically, SMEs come with the essential dynamics or changes that contribute to social, economic, political and environmental development significant in the improvement of people's quality of life and standard of living. Empirically, SMEs are believed to play a critical role in households' livelihoods by developing activities that people can take part in, and thus improve their general sustainable development. However, the failure of SMEs in South Africa is too high, looking at about 75% of the many small businesses failure to become reputable and well established firms. Using this background, this study assessed the relationship between SMEs and its dynamics and the extent to which they contribute to the improvement of people's quality of life both socially and economically. This study aimed to understand the extent to which the lives of the households in the chosen study areas within the Mbombela municipality are influenced by SMEs. The study further came up with recommendations for both policy makers and the households on how the SMEs in the areas can be strengthen in order to positively contribute to the socio-economic wellbeing of the households, and how the households can strengthen themselves to gain exposure and be able to participate in more income generating activities such as SMEs. These recommendations were drawn from the findings generated from the data collected from the participants of SMEs within the Mbombela municipality. The study employed the quantitative approach and collected quantitative data using the Likert scale questionnaire. A non-probability sampling method was used to draw the targeted population of this study from the Mbombela municipality. Adopting the purposive sampling as well as the convenience sampling technique, granted the researcher a deliberate choice of participants. The researcher used the purposive sampling technique to choose only participants who are involved in SMEs. The study targeted about 250 participants, however 226 were able to answer successfully. Data quality measures such as validity, accuracy, and credibility together with ethical considerations were taken to ensure that the data collected is valid and reliable. Then, the correlation analysis and the multinomial analysis form the Statistical Package for Social Sciences was used for the analysis of the data, and the findings revealed that there is a strong positive relationship between SME dynamics and socio-economic wellbeing. The findings revealed that about 40% of the participants in the study fall into the “poor” category for human capital. This means that a significant number of the participants have limited essential skills and/or education. Similar trend for job creation is shown, over 40% of the participants fall into the “poor” category for job creation, meaning that the participants feel that there is still a need for more SMEs to create job opportunities. Moreover, the findings also show a Model Fitting Criteria table which revealed a significant Chi-Square value, suggesting that independent variables (job creation, and financial resources) have a huge substantial influence on the socio-economic status prediction of the households. The overall findings revealed the importance of SMEs and SME dynamics and their significant impact on socio-economic wellbeing of households. Hence, there were recommendations for both policy makers and the households in the municipality which touched on encouraging digital solutions and strengthening overall human capital of people and integrating the government, SMEs and financial institutions during policy making. The methodology chosen fulfilled the objectives of the study, however, there were some limitations to the study. There were participants instant help from the study and the researcher, some were not comfortable disclosing some of the demographic questions such as on education and income.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS

AIC- Akaike Information Criterion

BIC- Bayesian Information Criterion

CPI- Computer Price Index

DFIs- Development Finance Institutions

EcVI- Economic Vulnerable Index

GDP- Gross Domestic Product

GVA- Gross Value Added

LED- Local Economic Development

MDG's-Millennium Development Goals

MNCs- Multi National Corporations

OECD- Organization for Economic Corporation and Development

SDG's- Sustainable Development Goals

SEI- Socio-Economic Index

SEVI- Socio-Economic Vulnerability

SLA- Sustainable Livelihood Approach

SMEs- Small Medium Enterprises

SMMEs- Small Micro Medium Enterprises

SPSS- Statistical Package for Social Sciences

SSA- Sub-Saharan Africa

UN- United Nations

USA- United States of America

CHAPTER 1

ORIENTATION TO THE STUDY

1.1 Introduction

Generally, Small and Medium Enterprises (SMEs) have significantly contributed to both industrialized and unindustrialized nations in the last years. Many studies have presented that SMEs are acknowledged as the most crucial steers to economic growth and creation of job opportunities. Basically, they are the key tool employed to face the economic and social challenges which are prevalent in both developing and developed countries. Many countries use SMEs as a way to achieve development that is needed, particularly developing countries (Dhanah. 2017). Ogujiuba, Agholor and Olamide (2021) added that SMEs are fueled by sustainable entrepreneurship, which is seen as one of the approaches to contribute to progress, economic prosperity and improvement. Various studies on SMEs have presented the importance and role played by SMEs and thus SME dynamics on socio-economic development. OECD (2017) also puts an emphasis on SMEs being the drivers of economic growth, contributing to employment and overall social development of people, particularly in emerging economies south as South Africa. The Department of Small Business Development (DSBD), (2019) defines SMEs based on the criteria such as the number of employees, the value of assets and the annual turnover. As amended by the DSBD, SMEs are classified into categories which are micro, small and medium, with thresholds varying by sector.

In General, the DSBD puts forward that micro enterprise consists of fewer employees which is less than 10 people has an annual turnover of five hundred thousand. Then, a small enterprise has typically between 10-49 people with a turnover ranging between five hundred thousand and ten million. On the other hand, a medium enterprise consists of between 50 to 199 people, with a turnover of up to fifty million. The limited market share always characterizes these businesses, as well as their owner-management, local and regional operations and their limited access to finance. Thus, given their potential to contribute to inclusive development, SMEs are seen as critical in improving the overall household's livelihoods, employment creation and tackling poverty (Department of Small Business Development (2019).

Therefore, this study seeks to assess the type of relationship that exists between SME dynamics or the changes brought by SMEs in contribution to tackling the most salient challenges and the overall socio-economic wellbeing of households. The study considered the views by various authors such as Dhanha (2016) and Ogujiuba, Agholor and Olamide (2021) who put forward that SMEs have contributed towards socio-economic prosperity. However, despite the growing recognition SMEs as job creators and drivers of local economic development, there is still a lack of understanding on how specific SME dynamics such as job creation, credit access, income generation, and access to goods and services translate into tangible improvements in socioeconomic well-being of households. Most existing studies in South Africa focus on SME performance at the national or provincial level, often emphasizing business survival, growth constraints, or macroeconomic contributions, rather than adequately investigating their direct socioeconomic impacts on households at the local municipal level. Hence, the study seeks to investigate the extent to which the SMEs dynamics influence the overall socio-economic wellbeing of the people. This is important to understand the current trends of the sky rocketing unemployment rates particularly in South Africa, even though there is a reported increase in SMEs in the country.

To do so, the study reflected on the various SME dynamics at different levels, however, focused on SMEs and SME dynamics at household level. Hence, to measure the socio-economic wellbeing of the households, the SME dynamics were categorized using the two sustainable livelihood approach (SLA) pillars which are Financial Resource and Human Capital. For this study, the Human capital pillar entailed education, health, skills, determination and the human potential growth. On the other hand, the Financial resource entailed job creation, income/profit, access to funding, credit, as well as access to goods and services. This explains the appropriateness of the SLA which is concerned with households' objectives and priorities for development activities. Hence, it is employed as the theoretical framework that guides the study.

1.2 Study Background

All around the world, SMEs are commended for their contribution to the development of nations, especially the needed development for undeveloped nations. Ahmed et al. (2015) discovered that in Pakistan SMEs and SME dynamics act as a catalyst to economic development, as well as in Hong Kong, USA and Denmark. SMEs encourage various activities which are essential in improving the livelihoods of households and accordingly improve their overall development. This suggests that SMEs together with SME dynamics play a huge role and are essential, not just in developing countries but in developed countries as well. In a lot of African nations, SME dynamics are responsible for the necessary improvement of the economy and progress of its growth, which is improvement of people's quality of life. This touches on households' financial resource and human capital which has been a major pursuit and goal for many, especially those in rural households. SMEs have been attributed as a healthier solution to financial, societal depravities (like poverty mitigation), joblessness, youth restlessness, as well as tackling related technical and environmental challenges. These challenges are prevailing mainly in households of unindustrialized nations like in the Sub-Saharan Africa, which causes a disturbance to the developmental aspirations of the households (Ogijuiba et.al, 2021).

One might question why many developing nations after so many years are still in pursuit for socio-economic growth instead of following in the footsteps of the developed nations and one may further ask how that relates to SMEs and SME dynamics. Well, developing nations such as South Africa experienced the famous apartheid era which was such a setback, leaving many black households socio-economically vulnerable. Since then, it hasn't been a secret that people, especially in black rural communities of South Africa, have been struggling to function well both socially and economically. Phungwayo and Mogashoa, (2014) revealed that the apartheid era left the rural areas of South Africa extremely varied regarding their social and economic structure. It came with various economic and social challenges that affected people differently (Phungwayo and Mogashoa, 2014). Then SMEs come in as one of the remedies to the prevailing challenges in the country.

Edinburgh Group (2016) reported that, SMEs play four critical roles in the South African economy. Firstly, SMEs represent about 40% of the businesses in the country; secondly, generating up to 35% of overall goods and services produced within the nation. Which is the country's gross national product (GDP). Thirdly, contributing 43% of total salaries and wages paid; and lastly employing at least 55% of the formal private sector workforce. In essence, in South Africa SMEs have successfully resulted in SME dynamics, which also play a huge role in closing the wealth gap that resulted from apartheid. The SMEs have been able to stimulate competitive markets, which allows the introduction of new innovation and service development, which is essential in empowering those disadvantaged communities economically while also improving employee learning and motivation (Edinburgh Group, 2016). Hence, the government is taking the initiative to support SMEs.

Just like Edinburgh Group (2016), Govuzela and Mafini (2019) also put forward that in South Africa, a greater part of the enterprises is classified as SMEs and they account for approximately 40% of total economic activity. The businesses contribute to SME dynamics making the survival of SMEs critical to the country's growth and success. Abisuga-Oyekunle, Patra, and Muchie (2020) also added that, the significance of SMEs in the nation continues to grow and even plays a big role in achieving societal balance by producing SME dynamics such as creation of job opportunities. Creating job opportunities is especially essential in South Africa, to address the widespread of joblessness rates which has been reported to be approximately 28% in the first 3 months of the year 2019 (Abisuga-Oyekunle, Patra, and Muchie, 2020).

Even so, various studies on SMEs explain why SMEs aren't performing as they should even though they receive support from the government. Ogujiuba et.al (2021) revealed that some of the failures are due to inability to manage finances, incompetent management, inadequate infrastructure, as well as the environment. Moreover, Ogujiuba et.al (2021) suggested that these gaps must be filled, further highlighting the importance of entrepreneurship sustainability to encourage SMEs' growth which will further encourage SME dynamics. Pienaar (2019) reported that Mpumalanga is the second top province with high unemployment rate in South Africa, by 672 000 people unemployed. In Mbombela, the unemployment rate had increased by 2.8% between seventh and the ninth months when matched against the same period from the year before. The Press Office (2022) also reported that over fifty percent of Mpumalanga's households are at this point surviving beneath the poverty line because of scarce job opportunities. Thus, the socio-economic wellbeing of the households in Mbombela is compromised (The Press Office, 2022).

There are various SME dynamics at different levels, however, this study focuses on SMEs and SME dynamics at household level. Hence, to measure the socio-economic wellbeing of the households, the SME dynamics were categorized using the two sustainable livelihood approach (SLA) pillars which are Financial Resource and Human Capital. In thus study, the Human capital pillar entails education, health, skills, determination and the human potential growth. On the other hand, the Financial resource entails job creation, income/profit, access to funding, credit, as well as access to goods and services. The SLA is concerned with households' objectives and priorities for development activities. Hence, it is a suitable theoretical framework that guides the study.

1.3 Problem Statement

Ragoasha, Pieterse, Ludick, and Chilwane (2023) reported that the Mbombela municipality has a record of 695 913 of the population size and constitutes 39.6% of the entire Ehlanzeni district. The Mbombela municipality has experienced an annual growth rate of 1.2% between 2011 and 2016, which suggests that the estimated rate of population growth has increased from 695 913 to 751 986 in the year 2022. Consequently, the anticipated population of the city of Mbombela for the year 2030 is expected to be about 956 877. The city has also been noted as the top contributors to the economy of the Provincial and District's Gross Value Added (GVA) to 2021 with 24.1% and 65.5% respectively. In 2021 the manufacturing, transport and trade sectors were noted as the top contributors of in the district's GVA with 75%, 74.6% and 72.3% respectively (Ragoasha et.al, 2023).

Ragoasha et.al (2023) reported that the Socio-Economic Vulnerability Index (SEVI) in the municipality in the year 2011 is 3.92 which has decreased from 4.97 in the year 1996. This indicates that the number of households who are vulnerable has decreased. The (SEVI) assesses the vulnerability of households in the Mbombela municipality considering the composition, income health, education, political instability, access to education, access to basic and social government services, and safety and security. A high vulnerability which is above 5, suggests that the municipality has a high percentage of households who are vulnerable and struggle to survive with the external shocks. Then the Economic Vulnerability Index (EcVI) assesses the economic resilience of the households in the municipality by considering factors such as economic size, labour force, sector diversity, inequality and GDP growth/decline pressure. Therefore, the higher the economic vulnerability, the more the households are exposed to negative impacts from external shocks. Researchers such as (Mwale, 2020) have noted an increase in SMEs in townships and their contributions to households over the years. SMEs are also seen as an attempt to correct the legacies of apartheid in South Africa which left many black household's socio-economic well-being vulnerable. However, the country is still experiencing skyrocketing unemployment rates and inadequate access to goods and services amongst other undesirable state of affairs. These challenges consequently result to poor standard of living and overall poor personal wellbeing especially of those in marginalized areas. Pienaar (2019) reported 43,9% Mpumalanga's unemployment rate for the province as a whole. Tshikhudo and Manenzhe (2021) reported that there are high unemployment rates in the Mbombela municipality, due to the low educational levels. This consequently leads to limited job opportunities in the formal sector hence we see a lot of people taking part in the business sector that is well-known as "street vending" to meet their needs through generation of income and improvement in their livelihoods. Moreover, the "street vending" business sector lacks access to funding (financial resource) and limited assistance from both the public and private organizations. Again, the street vendors experience deficits which could result from customers not paying their debts, and could also result from inadequate human capital (skills, training etc.) which in turn also affects the profitability (Tshikudo and Manenzhe, 2021). This compromises the livelihoods of the households and consequently interferes with their socio-economic wellbeing. Ndlovu and Masuku (2021) noted a persistent increase in food insecurity in the Mbombela Municipality due to the challenges that affect growth in agricultural cooperatives.

Press Office (2022) concurs and reported that, many households in Mbombela, Mpumalanga are living below the poverty line. The Consumer Price Inflation (CPI) Index in Mpumalanga was 6.6% and it increased to 7.9% in June. This literally means that households have to pay more for staple foods such as sugar, rice, mealie-meal, bread, cooking oil, meat, and so on (Press Office, 2022). This disproportionately affects the poorest residents. The above mentioned challenges really are concerning considering that the livelihoods of the households are compromised. Therefore, the researcher assumes that the households in the municipality are subjected to limited financial resources and human capital, which consequently affects their socio-economic wellbeing. Now, noting the reported increase in SMEs in townships, the biggest question is, why are the SMEs in the area struggling to copy the global trends and create job opportunities to save the households from the undesirable challenges? Considering this question and what has been reported by various authors on SMEs and socio-economic prosperity, the study is built on the supposition that a nexus exists among SME dynamics and socio-economic wellbeing. The biggest challenge lies with poor understanding of how SMEs might be used to influence socio-economic wellbeing the households in Mbombela. The challenges such as poor education and inadequate skills by the households results in insufficient knowledge on the understanding of how the individuals may use the SMEs to fuel more job creation, access to credit and adequate access to goods and services for human and financial resource improvement. Leaving these challenges unaddressed will leave the households in the Mbombela municipality with the prevalent socio-economic division to widen. As a result, those poor households will become poorer and confined in informal settlements, with inadequate wage jobs and limited opportunities for advancement. Furthermore, with these challenges unsolved, the households in Mbombela could continue to experience the ongoing high unemployment, poor economic mobility and persistent poverty leaving the citizens vulnerable to social instability and deteriorating quality of life. There is a need to understand the nexus between SME dynamics and socio-economic wellbeing on a deeper level and the extent to which they affect each other. Which is why the main purpose of this study is to assess the kind of relationship that exist between the socio-economic index of the households in Mbombela and SME dynamics and assess the degree to which the variables impact each other. Hence the following questions and objectives.

1.4 Research Questions

The general research question is, how do SME dynamics influence socio-economic wellbeing of households with the focus on financial resource and human capital?

Specific research questions are formulated as follows:

- What is the nature of relationship between Socio-Economic Index and SME Dynamics?
- To what extent does SMEs Dynamics [1][job creation, profit/income, access to funding, credit, as well as access to goods and services] influence Socio-Economic Wellbeing of Households [Financial Resource/Human Capital]?

1.5 Research Objectives

The general research objective is to study the relationship between SME dynamics and socio-economic wellbeing of households, focusing on the influence they have on financial resource and human capital.

The specific research objectives are formulated as follows:

1

- To analyze the nature of relationship between Socio-economic index and SME dynamics.
- To assess the extent which SME dynamics [2][job creation, profit/income, access to funding, credit, as well as access to goods and services] influence Socio-Economic Wellbeing of Households [Financial Resource/Human Capital].

1.6 Significance of the Study

- The significance of this study is primarily on contributing to value on the body of knowledge within the field of Development Studies.
- Seeks to give insight on the nature of relationship among socio-economic index and SME dynamics.
- The study further provides data on the extent which SME dynamics [job creation, profit/income, access to funding, credit, as well as access to goods and services] influence Socio-Economic Wellbeing of Households [Financial Resource/Human Capital].

1.7 Definition of Terms

Small and Medium Enterprises (SMEs)

As there is no widely agreed upon explanation of SMEs and the explanations differ according to each country, the study will embrace the explanation of SMEs by the Government Gazette. The Government Gazette (2019) defined SMEs as independent and unique business entities, including any outlets or affiliates managed by one owner or more primarily supported in any sector or subsector of the economy. Basically, it depends on the sector that the business specializes in. Small enterprises can employ from 11-50 employees, while medium enterprise can employ about 51-250 employees. The Government Gazette specified sectors or sub-sectors like mining and excavating, agriculture, manufacturing, electricity, gas and water, construction, sales, motor trade and maintenance services, wholesale, food services, housing and other trade, transport, storage and interpersonal interaction, finance and business services, as well as public and personal services (Government Gazette, 2019).

2

SME dynamics

The term combines two terms which are SMEs and Dynamics. The Government Gazette (2019) defined SMEs independent and unique business entities, including any outlets or branches managed by one owner or more predominantly carried on in any sector or subsector of the economy. The Merriam Webster Dictionary (n.d) describes dynamics as a pattern of change, activity or growth. Hence, in this study, SMEs dynamics are the changes brought by the constantly growing SMEs meant to suit a critical environment or situation. These are changes that affect/influence the livelihood of households and their wellbeing/development. For example, the creation of employment/job opportunities, income/profit, credit, funding, access to goods and services, education, health, skills etc.

Human Capital

Ruggeri and Yu (2023) defined human capital as the accumulation of distinctive capabilities as well as knowledge and skills that are acquired by individuals and get to progress throughout their lifetime. In essence, it refers to worker's ability to contribute through education, skills, health, determination, as well as potential human growth which is valued in entrepreneurship.

Financial Resource

Brooks (2022) defined Financial resource as the monies and assets that fund an organization's undertakings and investments. It refers to access to job opportunities, profit/income, access to credit, access to funding and access to goods and services of households.

Entrepreneurship

Entrepreneurship is defined as a single or a small group of associates taking a risk to start a new business. An aspiring and motivated entrepreneur actively seeks out a certain business endeavor, and is the entrepreneur who shoulders the majority of the project's risk. As a consequence, if the enterprise succeeds, this individual will profit the most (Makwara, 2019).

Wellbeing

Sinclair (2021) defines it as a term that encompasses quite a number of various elements. The elements include individual's positive emotions, such as being content, excited, happy, joyful and calmness. It also refers to physical good health of people, coming with having positive, exciting and meaningful social relationships, as well as good connections (Sinclair, 2021). This definition better suits the study as it aims to consider all the aspects of life that complete the standard of living of people.

Social well-being

Social well-being has definitions stemming from a wide range of different fields. Sharing is caring! Sinclair (2021) argues that the distribution, development, and maintenance of significant relationships with others can be well-defined as social well-being. Social well-being permits one a genuine feeling and to be valued, giving a sense of connectedness and belonging. This study adopted the definition of social well-being by Ramirez-Duran (2021) which defines social wellbeing as the ability of an individual to face circumstances and function in society.

Economic well-being

Economic well-being can be seen as having financial security both in the present and in the future. According to the International Rescue Committee (2023) economic well-being means that individual's most basic needs for survival are realized, and they possess necessary income and assets needed to succeed. This study seeks to explore how SMEs actually contribute to people being able to meet their basic needs for survival and have adequate income and assets to thrive. Hence this definition by the International Rescue Committee (2023) is adopted.

Socio-economic well-being

In this study, socio-economic well-being basically combines both the social and economic aspects. It is defined as the ability of people to survive vulnerability and can meet their financial and social needs. The social needs of the people include access to basic services and safety and having access to low-cost safe housing, while economic aspects include diversified economic activities (Shaw and Sarmah, 2021). In essence, Shaw and Sarmah (2021) see socio-economic conditions as induced by poverty, age, religion gender and basically the ability of people to recover efficiently.

1.8 Overview of Research Methodology

This section is basically the summary of the research processes that were followed in this study in the realization of the objectives and address the research problem, which are clearly elucidated in chapter 3 of this study. The study used quantitative research approach, the Likert scale questionnaire was utilized to collect data from the targeted population which is people who are participants of SMEs in chosen study area. To choose the participants, non-probability sampling methods were employed, adopting the purposive sampling as well as the convenience sampling. Purposive was used to get participants of SMEs and convenience was used to get those participants who are readily available. The data put together using the Likert Scale questionnaire was then studied using the Multinomial Logistic Regression analysis and the correlation analysis method through the SPSS Software. The quantitative data collection measures were followed, the study used a large sample size and the validity, authenticity and credibility data control as well as the management measures were followed. Chapter 3 provides in detail all the ethical issues relevant to this study.

1.9 Structure of Research Report

The Dissertation consist of five chapters, including the introductory chapter, as follows:

Chapter 1: This chapter entails the study's introduction and background of the study, and the discussion of research purpose, statement of the research problem, research questions, aims and objectives.

Chapter 2: This chapter gives the Literature Review (both empirical and theoretical evidence), as well as Theoretical Framework which consist of other empirical evidence from previous studies on the subject.

Chapter3: This chapter will present the Data and Research Methodology

Chapter 4: This chapter embraces the interpretation and clarification of the data on SME dynamics and the socio-economic well-being of households.

Chapter 5: This chapter findings, conclusions sums up the findings and commendations of this study.

CHAPTER 2

LITERATURE REVIEW

Overview

This chapter presents the most relevant and significant scholarly work available concerning the influence of the SMEs on the socio-economic well-being of households. The review of related literature enabled the researcher to find the position of this study in the existing field of scholarship on the topic which relates to the relationship between SMEs and socio-economic index of households. The review was conducted using multiple search engines and research databases such as EBSCO and the chapter therefore provides a comprehensive look at previous studies. The chapter gives a summary of what has been written before/previous research by other authors or, what has been found by other researchers and identify what their theories are on the issue at hand. It encompasses areas of controversy as well as existing gaps.

Particularly, this chapter contains the analyzed empirical and theoretical literature on the concept of SMEs, the theoretical framework (Sustainable Livelihood Approach) which focuses on SMEs and the livelihoods of households. It gives summary on what has been written on the financial resource and human capital pillars of the SLA, as well as the SMEs. This section is meant to portray all the information and knowledge of the most important and salient aspects of this study in summary. It aims give information and knowledge that is articulate, hence it is the most significant section in this study. This section allowed the researcher to properly summarize, describe and objectively evaluate, while clarifying the research intentions and goals of this study using the historical background and an overview of the arguments on current contexts relating to this research study. Centeno (2019) concurs and put forward the idea that this chapter can be viewed as the body of scholarly works relating to a topic, and presents analyzed and summarized previous research relevant to a topic. Scholarly books and articles published in academic journals are included.

2.2 Objective 1: Socio-Economic Index and SME Dynamics

2.2. a) Theoretical Literature

2.2.1 SME dynamics and the Sustainable Livelihood Approach

Countries across the globe, especially developing countries, are experiencing unpleasant situations such as high unemployment rates, poverty increases, poor economic performance (GDP) and inadequate innovation and technology. Hence, the need for activities that will bring about change needed to contribute towards the much needed general development of these countries. SMEs, according to Manzoor, et.al (2019), contribute critically to rejuvenating and sustaining nations' economies and, thus, development due to the necessary changes they come with. SMEs come with the essential dynamics or changes that contribute to social, economic, political and environmental development that is essential in the enhancement of people's living standards and standard of living. Rand and Tarp (2020) revealed that in Vietnam, there has been unmatched growth and decreases in poverty, which has helped the country become a middle-income economy in a short span of time. The SMEs and SME dynamics have been key in the structural transformation of the nation after the Doi Moi reform process that happened in 1986 (Rand and Tarp, 2020).

2.2.1.1 SME dynamics and Sustainable Development Goals (SDGs)

Furthermore, SME dynamics in Vietnam have contributed to achieving some of the Sustainable Development Goals (SDG) launched by the United Nations (UN) in 2015. The dynamics are not only central in encouraging economic development that is sustainable, fighting unemployment and creating decent work for everyone, but go as far as contributing in creating a sustainable industrialization and nurturing innovation. The dynamics go as far as tackling income inequalities and that is very prevalent in most developing countries in Africa (Rand and Tarp, 2020). Endris and Kassegn (2022) revealed that unemployment is a massive problem in Saharan Africa. Hence, the need for SMEs to bring changes such as the creation of job opportunities, cure problems of inequality and low productivity, drive economic growth and innovation, and improve social and environmental conditions.

(Nițescu, 2015) put forward that the reason for governments supporting SME market expansion is because SMEs have the capability to effectively contribute to tackling socio-economic challenges that are prevalent in many countries, especially developing countries. This basically means that the success of SMEs should not be compromised by limited access to resources and institutional factors. Thus, there is a need for building strong SMEs that cannot be overstressed and South Africa is a perfect example as it is still trying to correct the socio-economic challenges that resulted from apartheid and still prevailing (Nițescu, 2015). Sibiya and Kele (2019) concurs and added a view that in various countries, it is a standard practice for governments to put in place policy programmes meant to reduce entrepreneurship hurdles. The governments provide support by financing the SMEs, providing market information, market access, managerial capability and regulating environments that are obstructing the success of SMEs and consequently economic growth (Sibiya and Kele, 2019).

2.2.2 Economic Development Theory

Economic Growth and Access to Finance

Eniola et.al.(2019) brought forward that the entire SMEs sector plays a very big role in the economy and the advancement and overall improvement of both industrialized and unindustrialized nations. The sector contributes to job creation, innovation and technological advancement. About 90% to 99% of the global business initiatives is represented by SMEs (Muller et.al., 2017). Again, Eniola et.al (2019) added that SMEs account for about 99% of all businesses in Nigeria and account for 87% of jobs created in the agriculture and manufacturing sectors. Despite this, SMEs only contribute 10% of the national GDP, which is low in comparison to other emerging and developed countries. This low performance of SMEs in Nigeria, particularly when compared to other nations, is a critical issue hence the need for a more sustainable approach (Eniola et.al, 2019).

Manzoor, Wei and Sahito (2021) also agree with (Eniola et.al, 2019) and put forward that globally, it is widely recognized that SMEs have a very imperative role in a nation's economic and social structure. Manzoor, Wei and Sahito (2021) believes that "Enterprise is the antithesis of command and control", which basically mean SMEs are seen as critical to a nation's economic success. Hence, even globalization has consistently brought small businesses to the forefront of public attention, and the businesses are rapidly becoming the major strength for national economic growth. SMEs are critical pillar for creating employment, encouraging inventiveness, overcoming adversity, and building a strong economy. This is evident in many developing countries, as they benefit from SMEs exports. Even so, they do not extend these benefits to a greater extent. Pakistan makes a good example, its rural population has low living conditions and development. The country has been confronted by a variety of issues, such as the prevalent joblessness, poverty and delayed progress of the developmental process. The government/public institution has not been able to combat these challenges alone. Hence, the need for the private sector involvement which is basically, the SMEs that yields a great share of employment and income breaks for a lot of individuals (access to finance) (Manzoor, Wei and Sahito, 2021).

Access to finance is very critical and play a strong role in the establishment of SMEs in the country. Every country strives for employment creation and poverty reduction. Therefore, it is imperative that entrepreneurs have access to finance as they need large amount of cash in the early stages of their businesses in order to grow. In Indonesia and Thailand, SMEs are regarded to have strong access to funding, which positively influences the formation of businesses in rural areas, and further encouraging rural development. In Scotland, access to bank credit, loans, and funding is essential and seen as genuine entrepreneur company concepts, which is quite beneficial for SME launch. SMEs in Africa have poor access to credit and business finance, and is evident on their impeded growth and eventual development (Mazoor, Wei and Sahito, 2021).

2..2.3 Social Capital Theory

Prabandari and Yulianti (2023) reported that many developing countries have accepted SMEs as the pillar of economic growth, and there is a need for SMEs to have access to resources. Even so, how productive an enterprise is, will depend on how the available resources are used. SMEs are considered to have limited resources when compared to big companies so they struggle to use the opportunities in foreign markets to their full advantage. Having the appropriate resources (tangible and intangible) helps in achieving a sustainable and competitive advantage. Meanwhile, social capital also contributes to increasing the company's return and competitive advantage, hence there is a need for social ties relationships between companies. Social capital can also be used by SMEs to gather needed funds, that is why it is important to not rule social capital out especially in countries that are culture and custom related. Social capital helps with equipping people with needed skills, information, resource access and technological knowledge. With these people are able to participate in livelihood generating activities (Prabandari and Yulianti 2023).

Policy Implications

Since 1994, South Africa has prioritized empowering the citizens of the country. Masuku (2018) presents that Sustainable Livelihood Approach came about a 3 decades ago with the people-centered idea and bringing in new ideas or viewpoints on poverty, the significance of structural and institutional issues, as well as how people construct their lives. Following looking at the economists' dominant thinking of urban-employment and industry, debates sparked which were proposing the replacement of 'employment' to 'livelihood'. The replacement was necessary because 'livelihood' was more inclusive, it represented a whole lot of complex and diverse realities of individuals rather than just employment. Thus, the Sustainable Livelihood Approach is meant to focus on everyone including households, individuals, as well as stakeholder groups or communities at every level where sustainable livelihood security may be achieved in all possible ways. For example, aiding land ownership, livestock, hunting, fishing and stable employment (Masuku, 2018).

The South Africa government prioritized cultivating Local Economic Development (LED) to empower citizens. Hence, there is emphasis on the role of small and medium-sized companies in the local government to create employment, promote economic growth, and foster community development. Growing SMEs in local government is vital for implementing the constitutional duty of promoting economic development. Moreover, according to the Department of Cooperative Governance and Traditional Affairs, South Africa's vulnerable towns have specific problems, including poor rural development and infrastructural backlogs. South African local government uses SME development as part of an LED strategy to address poverty and unemployment issues. Small and medium-sized businesses typically account for the majority of employment in most countries. This is especially crucial for the creation of new employment. Small and medium-sized enterprises (SMEs) contribute significantly to technical innovation and product development and towards sustainable livelihood (Enaifoghe and Vezi-Magigaba, 2023). In essence, SMEs are in line with the Sustainable Livelihood approach. Furthermore, SMEs play a critical role in households' livelihoods by developing activities that people can participate in, thus improving the overall sustainable development.

Regulatory Environment

Serrat (2017) added that there is a need to take into consideration the environment and how the organisms in it interact, and the SLA also play a huge role. SLA allows especially development practitioners to explore different approaches instead of rigid approaches, which often make it hard to identify the vast problems faced by individuals, households and/or communities, as well as from finding solutions. It allows the development practitioners to take consideration of the environment, as well as relationships that exist within the environment in order to come up with development activities that are more process oriental and thus effective. It encourages development practitioners to explore multiple entry points and do away with the idea of homogenous community perspective which tends to be narrow and ineffective (Serrat, 2017). This literature then suggests that having development practitioners that explore different approaches allows the SMEs to come up with activities that are effective not only for the current generations but caters as well for the needs of the future generations as they consider the environment as well.

Furthermore, it allows the SMEs to aid development which is improving peoples' standard of living without compromising the standard of living of the generations to come. The Sustainable Livelihoods approach, in particular, puts an emphasis on the need for considerate institutions by planning the institutional framework and linking the micro to the macro and the formal to the informal. As a result, it calls for a new style of policy evaluation that shifts away from universal prescriptions and towards context-specific approaches that allow alternative, local perspectives to emerge in the policy framework (Serrat, 2017). Which we can say is evident in South Africa.

2.2 b) Empirical Literature

2.2.1 The concept of SMEs

Al Suwaidi et al. (2020) put forward that Small and medium-sized enterprises (SMEs) are regarded as the backbone of a growing economy because they propel countries towards profitability. Manzoor and Sahito, (2021) concur and see SMEs as a very important tool for economic growth even though they are exposed to certain challenges. SMEs play a huge role in the creation of employment and the generation of wealth, as well as contributing to alleviating poverty that we see prevalent in many developing nations. In essence, SMEs play an essential and vital role in social and economic configurations such that across the globe, entrepreneurs are getting recognition from the government, economists, planners and multilateral agencies (Manzoor and Sahito, 2021).

Mazoor and Sahiti (2021) further reported that Pakistan, which is one of the developing nations sitting at number six of the most populated countries on earth with over 212 million people, has faced challenges such as unemployment, extreme poverty, as well as stagnant growth in the development process recently. As a result, SMEs are needed to improve employment generation and poverty alleviation through the force of entrepreneurship development in least-developed countries such as Pakistan (Mazoor and Sahiti, 2021).

Onugu (2005) reveals that all the attention and support given to SMEs stems from the widely acknowledged fact that SMEs create jobs and wealth. In justifying the introduction of SMEs in 2003, Chief Joseph Sanusi, the then Governor of the Central Bank of Nigeria, stated, "With a concerted effort and renewed commitment from all stakeholders, this scheme will surely succeed and realize its intended objective of revamping the SMEs as engines of growth in the economy and a veritable tool for the development of indigenous technology, rapid industrialization, generation of employment for our teeming youths and the pivotal role of the SMEs in the economy" (Onugu, 2005).

SMEs in the African continent account for approximately 90% of combined enterprises and are located in most country side and urban areas throughout the sub-region. For instance, when we look at South Africa, SMEs account for approximately 84% of private sector employment. Also, looking at Kenya, the sector contributes considerably to the macroeconomic expansion of the economy by civilizing the source of revenue of people through the creation of job opportunities, preparation of entrepreneurs through training, creating income, and civilizing the overall living standards of the majority of the country's households with limited income (Amoah and Amoah, 2018).

Fubah and Moos (2022) concurs with Amoah and Amoa (2018) that SMEs play a huge role in improving the economy of South Africa, moreover, SMEs provide surplus opportunities for economic expansion and development not just locally but globally as well. Hence, SMEs can be viewed as boosters of the economy of any country, because of their significant importance to all economies as they provide employment which leads to generation of wealth. This means that they act as a catalyst and are a power engine for total revenues of countries. SMEs have also been found to produce and encourage innovative entrepreneurial thinking, which contribute to economic growth. This implies that in order to keep and encourage competitiveness, SMEs need to be greatly innovative (Fubah and Moos, 2022).

2.2.2 The concept of livelihood

Liu, Li, Ren, Xu, Li, and Li, S (2020) defined livelihood as one's main source of wellbeing, responsible for generating new opportunities for economic development. While Ismail and Ainebyona (2018) sees the concept 'livelihood' as means, activities people engage in and the assets they possess that can help them earn an income and make a living. It could be land, their skills and education, and etc. in essence, it is the combination of what people can do (capabilities) and the resources they have that they can use in activities they partake in order to make a living, and sustain their goals and aspirations (Ismail and Ainebyona, 2018).

The various authors (Ismail and Ainebyona, 2018; Liu, et.al. 2020) asserted that then a livelihood is resilience or sustainable when the activities that one or households participate in can withstand impacts and pressures such that their main source of wellbeing is not affected. That further means, they have to be able to create new opportunities for economic expansion and policy innovation. This is not surprising as it is common knowledge that people do face challenges with the activities they partake in to earn a living. People face challenges that could range from natural disasters like the recently has been COVID-19. The activities then should be able to withstand or come up with new strategies to employ in order to survive those kind of hurdles or whatever disasters they may encounter such that their future is not threatened.

Natural disasters for example, climate change and environmental degradation are global issues that we cannot run away from, and they create challenges for people, as well as various international development organizations. Serrat (2017) defines the environmental changes as vulnerability and insecurity of individual, household and community about their well-being following the changes in their external environment. Hence, there is a need for a livelihood that is resilient or sustainable in order to cope and be flexible to adapt to any changes that might arise. Quandt, Larsen, Bartel, Okamura, and Sousa (2023) also concurs and suggested that people who partake in agricultural activities should adopt the agroforestry and livelihood resilience strategy. This well help them improve sustainability as this strategy involves combination of different crops, trees which will serve as wind breakers and having different spatial arrangements, as well as a different breed of animals to encourage food, soil, animal and water conservation. Livelihood is very important to people and their wellbeing, and so is the livelihood resilience and/or sustainability.

Serrat (2017) suggested that there should be livelihood strategies and then outcomes, which basically means the outcomes of livelihoods are dependent on the strategies adopted. Decisions on livelihood strategies may involve natural-resource-based and off-farm undertakings, relocation and settlements, pensions and grants, strengthening versus diversity, and short-term versus long-term results, some of which may compete (Serrat, 2017). Then, possible livelihood consequences include increased income, increased well-being, decreased susceptibility, better-quality food security, more maintainable use of the natural resource base, and restored human dignity. Taking from literature, SME dynamics are basically positive changes by sustainable SMEs that individuals who are participants in SMEs can benefit and earn an income from to improve their quality of life.

2.2.3 SME dynamics in South Africa

Bvuma and Marnewick (2020) put forward that the ancient background of SMEs in South Africa has left the SMEs functioning in different locations, such as townships and cities. SMEs have been seen as a key driving force for tackling some economic challenges, as well as challenges of poverty and unemployment rates. The adoption of SMEs in townships considering their apartheid era historical background, has the potential to improve sustainable livelihood of households by addressing challenges of unemployment and further create a platform for townships to achieve competitive benefit and take part in the international economy (Bvuma and Marnewick, 2020). In essence, SMEs are in line with the Sustainable Livelihood approach. They play a critical role in households' livelihoods by developing activities that people can take part in, and thus improve sustainable development (Bvuma and Marnewick, 2020).

It is really important for SMEs to bring positive changes that will not only benefit the current generation, but be able to serve the future generations as well. Serame (2019) argues that SMEs do contribute to households' overall access to financial resource. In essence, SMEs bring the needed dynamics that contribute to the households' access to financial resource. Most importantly, SMEs form a significant fraction of firms and a major share and contribute the most to the generation of overall employment in the private sector of 27 most economies, with SMEs accounting for 60% of total manufacturing in many nations. Even so, literature put forward that women owned businesses tend to have limited access to finance because of poor financial literacy, poor understanding of financial jargon, limited awareness of services and packages offered by financial services providers (Serame, 2019).

Furthermore, there is very limited understanding when it comes to credit processes and how banks behave towards women owned businesses. This consequently means that these SMEs have limited access to funding and credit, which then means households in areas where SMEs are dominated by women have a challenge accessing income and then access to goods and services, credit and even jeopardize the chances of creating job opportunities. In simple terms, the financial resources aspect of SME dynamics that are meant to develop peoples' standard of living and their wellbeing is compromised. It does not end there; it further affects the human capital aspect as Serame (2019) puts forward that it lowers the confidence of women as compared to men. This consequently affects their potential growth and determination. Moreover, a business that is challenged financially tends to practice intensive labour, this compromises the participants' health. Again, having poor financial literacy means gaining more education about running a business profitably is compromised. That also stands in the way of using the skills they already possess, as well as getting an opportunity to improve and acquire new skills, and thus their experience making it hard for SMEs to succeed and be sustainable (Serame, 2019).

Literature suggests that there is a need for SMEs to adopt strategies that will help them sustain their contribution towards development, growth and sustainability. That will consequently lead to unemployment reduction which is very much needed in many developing nations like South Africa which has significantly high unemployment rates. Bvuma and Marnewick (2020) adds to the literature and put forward that SMEs in cities are more likely to succeed than SMEs in townships as they are more likely to face unique challenges in township areas. These challenges are mostly technological challenges, hence using the Sustainable Livelihood Approach, suggested the need to adopt ICT as a strategy to encourage the sustainability of SMEs as well as their livelihood. The literature shows that there is a need for SMEs to thrive across the globe, focusing mostly on developing nations that have prevalent unemployment rates. This is to not only combat unemployment presently, but create job opportunities for the future generations as well, making sure that they earn an income in order to improve their quality of life (Bvuma and Marnewick, 2020). Fanggidae, Sutrisno, Fanggidae and Permana (2023) concurs and added that SMEs make a significant contribution to economic growth of many nations, especially developing countries through provision of jobs, fostering revolution and competition while steering the overall progression of households. Moreover, the SME sector is very important in entrepreneurship, creating job opportunities and economic growth which is essential in improvement on the GDP, thus the access to social and economic needs of nations (Fanggidae et.al, 2023).

2.2.4 Socio-economic index

Jamal, Hafeez, Shafique, Razzaq, Asif and Ashraf (2021) put forward that political, economic and social factors contribute to poverty which ultimately affects the socio-economic status of individuals. Hence, defined poverty as a lack of access to material possessions or money sufficient to meet the needs of individuals. These needs include clothing, food and shelter, and it is mostly poor individuals who are more vulnerable to severe evils due to inadequate living and health conditions in certain surroundings. Poverty can lead to limited access to health services and insurance, leaving family members to care for one another. Thus, there is a need for SMEs to be strengthened in order to help individuals in tackling their socio-economic problems. Small enterprises face various challenges; they might benefit from limited funding from MFIs which makes it hard to address socioeconomic challenges. Moreover, micro-credit funding poses socioeconomic challenges for small businesses in underserved areas, despite the existence of MFIs and government subsidies Jamal, et.al (2021).

Fanggidae et.al (2023) concurs with Jamal, et.al (2021) put forward that SMEs in Indonesia face particular problems in their various contexts. The SMEs face obstacles such as access to funding, social capital, innovation and the competitiveness of markets which consequently affects the socio-economic status of households. Even so, Indonesia being the world’s fourth most populated country with the biggest economy in South Asia, it is SMEs (over 60 million SMEs) that contribute to the country’s economic growth. Fanggidae et.al (2023) focused on the West Java Province in

Indonesia which is the most populous province and revealed that it has a diverse economy. The economy of the province encompasses both traditional industries like agriculture and emerging ones like manufacturing and services. The SME sector in the province operates in various sectors, social capital and human resources have a positive contribution on the progress of SMEs.

Fanggidae, et.al (2023) further added that the socio-economic status of households is very influential when it comes to improving the progress of SMEs. This is because socioeconomic status can determine the level of education of an individual, it can affect the skills possessed by individuals and the experience of individual entrepreneurs, which ultimately fiddles with the livelihoods of households. In addition, socioeconomic status informs the accessibility of resources and infrastructure that is needed to improve business and that the quality of life of individual such as availability of improved technology, access to finance and markets. Moreover, socioeconomic status can determine how individuals can have access to information, resources and business information for those interested in business opportunities. Fanggidae, et.al (2023) further reported that in West Java Province, the research showed that socioeconomic status positively influences the growth of SMEs, and that the individuals with greater level of education and experience tend to progress in business and their businesses perform well. These individuals with equipped higher levels of education and experience are more likely to be exposed to new technologies and improved business practices. Hence, it was recommended that in order to see more progress on businesses (SMEs), the policymakers should make it a priority that there are programs and trainings for individuals interested in entrepreneurship (Fanggidae et.al, 2023).

Jamal et.al (2021) analyzed the variance in variables such as livelihood, business development, income and employment which revealed a substantial correlation between the variables and the contribution towards poverty alleviation. It was further suggested that there is a need to finance businesses in order to encourage livelihoods, income and employment in an attempt to reduce poverty. There is a need for micro-credit especially in less developed nations, it helps to start small businesses and reduce deficit to achieve a better future. Global citizens, especially in industrialized nations are constantly suffering. Approximately 20% of people around the world live in severe poverty, earning less than $1 per day. Around 60% of people around the globe are farmers which means their livelihoods are reliant on agriculture. It is no secret that traditionally, the agricultural business has carried various international nations. Thus, poverty reduction is connected to the success of agricultural businesses, particularly in terms of agricultural growth rates. Although we have seen the growth of these businesses and the global contribution of agricultural business on the economy in the global countries, people, especially in rural areas are very much still substandard (Jamal et.al, 2021).

Gordon, Booysen and Mbonigaba (2020) concurs and put forward that over 1 billion people living in low- and middle-income nations fail to afford improved healthcare facilities and benefit less from healthcare utilization. In South Africa, it is the socio-economically disadvantaged people who mostly experience poor health, multi-morbidity and the usage of poor treatment. The health system in South Africa is divided into two tiers, those who are underprivileged are reliant on the poorly resourced public sector. On the other hand, there is the rich, who possess private medical insurance and have access to the private well equipped healthcare sector. The study revealed that when it comes to affordability, households with higher incomes are more likely to have private medical insurance than those with lower incomes. This consequently, indicates the link between affordability and access to healthcare (Gordon, Booysen and Mbonigaba, 2020). Hence, there is a need to encourage sustainable livelihoods of people, particularly those in rural areas, supporting the growth of businesses in order to contribute to employment, income, improved access to services and thus the socio-economic growth of households.

2.2 c) Summary of Reviewed Literature

I) Similarities

The literature shows that many countries across the globe are facing different unpleasant situations, especially developing nations. The biggest issue that they have in common is the issue of high unemployment rates which tend to result in poor improvement of people's standard of living. The unemployment rates are a massive problem especially in the Saharan Africa. Taking South Africa for example, it has high unemployment rates and is still trying to correct the apartheid legacies that left the citizens exposed to various socio-economic challenges. The literature further shows that the apartheid legacies exposed people to unequal socio-economic distribution. That is why development practitioners try to come with different approaches to address such unpleasant challenges.

The theoretical literature highlights the Sustainable Livelihood Approach, which suggests that there is a need for income generating activities that people can participate in to earn an income. Hence, entrepreneurship is encouraged and governments in various countries put in place policy programmes that are meant to deal with entrepreneurship hurdles. The literature further suggests that there is a need for SMEs as they create employment, contribute reduction of inequality and poor productivity which in turn expands the economy and innovation, encouraging a conducive socio-economic environment. The empirical literature concurs with the theoretical literature, various authors found that SMEs across the globe are viewed as the steering of the economy. SMEs may have challenges, but they still encourage countries' profitability and are a significant tool for economic expansion. Overall, both the theoretical and empirical suggests that livelihood is the main source of wellbeing, which basically means that the socio-economic wellbeing of people is dependent on the activities people participate. Moreover, socio-economic wellbeing is dependent on the assets that the individuals possess and their potential to create income and make a living. Accordingly, there is a need to support sustainable livelihoods through encouraging businesses to contribute to creation of employment, the income, improved access to goods and services which could possibly contribute to the socio-economic growth of the participants.

II) Differences

The theoretical literature suggests that SMEs bring about essential dynamics or changes that contributes to social, economic, environmental and political development which overall is the improvement of people's quality of life and standard of living. Essentially, SMEs are seen as a tool that can be utilized to tackle some economic and social hurdles such as poverty and high unemployment rates. SMEs have the potential to encourage sustainable livelihoods of households, which consequently aligns them with the sustainable livelihood approach. On the other hand, the empirical literature puts forward that SMEs are struggling to get funding which tends to affect the increase in the actual SMEs and also the performance of those surviving SMEs. Consequently, people's ability to fulfil their needs are compromised. Also, the survival of SMEs actually is influenced by human capital and financial resources. In essence, the level of education an individual possess, cheats the progress or their ability to partake in certain economic activities.

III) Gaps

The literature in this study gives new avenues for future research. Various researchers have shown that there is a need to improve and contribute to the sustainability of SMEs in order to encourage the socio-economic wellbeing of people through the SME dynamics. However, there are still gaps for further research on the security of the socio-economic wellbeing provided by the SMEs and the SME dynamics. Further research that could be worth exploring is on the fair compensation on the quality of SME dynamics received by the various stakeholders/participants of the SMEs.

2.3 Objective 2 SME Dynamics and Socio-Economic Wellbeing [Financial Resource and Human Capital]

2.3 a) Theoretical Literature

2.3.1 Human Capital as a pillar of SLA

Makwara (2019) revealed that many authors argue that to produce goods and services, SMEs rely on the use of resources such as unskilled labor, which large businesses consider excess and unproductive. However, Makwara argues that the authors are unaware of the presence of small businesses that serve as a channel for the discovery of future industry managers and entrepreneurs in communities. Moreover, historical narratives in South Africa as well as other African countries, bear witness to the fact that the presence of big business, such as multinational corporations (MNCs), without the active participation of small businesses, accounts for some of the reasons why the continent is characterized by poverty, unemployment, and low economic growth. Hence, in South Africa, to analyze the role of SMMEs, one should consider two factors: the country's economic development history, and the use of limited measurement metrics that attempt to account for the SMME socioeconomic impact (Makwara, 2019).

According to Sultan, et.al (n.d) human capital skills are embodied in human capital that enhances and improve knowledge, skills, and competency to bring about motivation and commitment. So, in order to improve skills, both direct and indirect training are recommended to achieve the anticipated productivity. In a sense, through training, SMEs can also emphasize the acquisition of determination and human potential growth of the participants. The ability to innovate is a key enabler for SMEs, promoting product innovation and competitiveness. Moreover, to promote economic growth in developing economies, all employees must be upskilled. As a result, increased presence and educational institutions and research taking playing a certain role, centers within industrialized economies and has motivated large-scale and entrepreneurial training in particular. Sultan, et.al (n.d) further suggested that Small and medium-sized enterprises (SMEs) must maintain and improve their foundational skills and knowledge to remain innovative and competitive.

On the other hand, Amoah et.al. (2022) reported that many academics and researchers have emphasized the importance of innovation and the opportunities it brings in the processes of SMEs in the present-day business connections and dealings. Furthermore, Amoah et.al. (2022) emphasizes that knowledge and innovation are important determinants of corporate growth in small business modeling. Abisuga-Oyekunle et al., (2020) investigated the sustainability of SMEs and reached a conclusion that, present-day SMEs are more concentrated on how they can sustain their customer base through innovations and create business opportunities. This is to help the SMEs continuously meet the needs and expectations of their customers, as well as contribute to economic development. Given this course, innovation has cemented a way to achieve positive revolution of SMEs, resulting in having an inspiring potential for the sustainable and economic expansion of the majority of African countries (Abisuga-Oyekunle et al., 2020). This information is supported by the definition of innovation by Kement et al. (2021), which defines innovation as the adoption and application of new thoughts meant to improve existing produce (goods and services) or the introduction of new goods or services into the market. The Organization for Economic Cooperation and Development (OECD) categorizes innovation into four categories: process, product, marketing, and organizational (Kemet et.al. 2021).

Moreover, Amoah et.al (2022) argues that, it has been well-known that technological innovation that comes with SMEs has a great influence on economic development through innovations, development, and market, bringing about new produce and services. Such innovations have paved the way for both domestic and international business opportunities, and providing technological skills to individuals. Moreover, the rapid development of the digital environment and e-business opportunities improve these processes. Similarly, Grondys et al., (2021) argues that a lot of SMEs are now demonstrating essential aptitude towards undertaking and exploring technological innovations in various stages of economic improvement. However, the ability to innovate new products, processes, and services varies greatly as they depend on the size of the firm, the resources it possesses, what its main focus is, and most importantly, the business environmental surrounding in which they function. SMEs involve prospects and produce products that are valuable and worthy for their customers through their improvements and the business exposure by maintaining worthy associations and enhancing partnerships. This means that education and skills is important because it makes things easier for people to partake in activities that contribute to their finances, thus improving their lives (Grondys et.al, 2021).

2.3.2 Human Capital Theory

The human capital theory came about in the mid-twentieth century by Mincer (1958), Schultz (1961), and Becker (1962). There have been various discussions on this theory as it puts an emphasis on the significant of human capital in entrepreneurship. Various studies have put forward that SMEs play a huge role in the economic progression of South Africa, however, their success depends on the entrepreneurial capital of the people. The human capital hypothesis proposes that people have the capability to acquire skills (human capital) that will contribute towards their improved productivity. According to human capital theory, education or training improves the worker productivity by utilizing the individual’s knowledge and skills, which in turn encourages their overall future and lifetime incomes. This theory advocates that when people or workers put in more effort into shaping their education and training, as well as skills, the greater their incomes will be. Various studies have put forward that the human capital theory proposes that the level of education, the field education, previous entrepreneurial experience, past business experience and the skills possessed by an individual have an influence on the type of business launched. Therefore, taking the theory of human capital into consideration has the potential to encourage entrepreneurship development, as well as improve the entrepreneurial approach, performance and inform the approach of activities among the working force. If the human capital theory is considered, it has the potential to improve entrepreneurship. The human capital theory has the ability to encourage SME entrepreneurs and staff to be more interested in wanting to take part in business, which consequently improve their standard of living (Maziri and Chivandi, 2020).

2.3.3 Financial Resource as a pillar of SLA

Financial resource forms a central part in improving people's quality of life and overall development. Every country across the globe aims to reach a point where the citizens and businesses in the country are operating, have access to funds which allow them to access goods and services, employment, assets and be able to make investments. Brooks (2022) defined Financial resource as the investments and assets that finance an organization's activities and investments. Basically, it is the funds that keep a business running, and there are several ways for a business to raise and use its financial resources. In this study, financial resource encompasses the SME dynamics such as such as having access to employment, having a decent income/profit and having access having access to credit, funding towards the improvement of individual's quality of life.

2.3.3.1 Funding and Credit

According to Serame (2019), literature suggests that, in South Africa, people who have interest in opening their own businesses have options to a variety of funding such as loan/credit and equity. Various programmes and schemes are also put in place meant to enhance the access of capital by emerging businesses. The capital is usually offered in the form of guarantees and grants, and are provided by development finance institutions (DFIs). There are approximately 148 financial companies which provide around 328 different loan packages. There are sectors of the financial providers, the private and the public (government funders) sectors, with distinct operating and business models that entail various strategic goals. The main goal of the government funding is to stimulate economic growth and help tackle the most prominent challenges that contributes to low or negative economic growth. That is why many sources of funding are meant for certain businesses because of the targeted developmental goals. In essence, a company that addresses the social and economic needs of people have a higher chance to receive governmental funding as compared to a company that specializes in for example; psychology Serame (2019). While on the other hand, the private sector financers are more motivated by profit, rather than by development.

The government funders are more interested in tackling of social issues, such as the prevalent poverty and high unemployment faced by especially rural households. This basically means that households' individuals who are interested in starting businesses that addresses the needs of the people have a higher chance of accessing funding from the government. For example, the government is most likely to finance agricultural businesses as they improve individual's access to healthy nutritious foods while also creating job opportunities. That further allows those who are not interested in starting their own businesses, to have access to credit and loan from the private sector (banks), even those who need credit from the bank to venture into entrepreneurship. Normally, the requirements to qualify for a loan or credit includes being employed and having a proof of income. Serame (2019) agrees and reported that commercial banks have proven to be the biggest suppliers of finance, especially to SMEs. This is because, the banks see SMEs as the most important piece to the puzzle of achieving the growth of business and job creation in the future.

Even so, authors such as (Paile, 2013) have reported that even though having access to credit is beneficial, there are also households who are in debt because of credit consumption that is way above their income levels. The result of the indebtedness of the households especially with high interest rates could compromise the ability of the households to take care of their living expenses which could possibly lead to reduced living standards. Furthermore, it could affect consumer spending and cause decrease in economic activity as there is nexus between individual debt and economic activity (Paile, 2013).

2.3.3.2 Job creation/employment

Literature puts forward that across the globe, SMEs are seen as the drivers of the economy, contributing to economic growth through creation of job opportunities as a major source. Bouazza (2015) concurs and added that SMEs contribute both to developed and developing countries as they stimulate innovation, job creation and the overall growth. Moreover, Bouazza (2015) presented that Algeria as a developing country has insignificantly diversified economic structure. The nation's economic activities are challenged by hydrocarbons sector and high unemployment rates among the youth. Hence, the economic attention of Algeria focused more on the private sector, SMEs in particular as they hugely contribute in economic development and their ability to create job opportunities. The Algerian Ministry of Industry, Small and Medium Enterprises and investment Promotion presented statistics indicating that the SME sector has played a very significant part in the national economic structure. Looking at how towards the end of 2013, there were over 748,000 small and medium-sized businesses registered in Algeria, making up 99% of all businesses in the nation (Bouazza, 2015).

Mandl (2017) concurs and added that, The European economy is dominated by SMEs, which are companies taking in staff that is fewer than 250. SMEs are increasingly recognized as the drivers of the European economy as they significantly contribute to creation of job opportunities and constitute over 99% of the European business. This is a huge recovery after the severe economic crisis Europe experienced from World War II which negatively affected the economic activities significantly to a point that unemployment rates increased. Hence, SMEs have been acknowledged and their contribution to boosting the economy with creation of about two third of private sector employment in the EU, and have contributed about 85% of new employment in the aftermath of the recession (Mandl, 2017).

(Amoah and Amoah, 2018 agrees with Bouazza, 2015) that Small and medium-sized enterprises, together with micro enterprises, play critical roles in the socio-economic improvement of countries, particularly in the areas of service and creation of job opportunities. The SME sector contributes significantly to economic progression and more significantly, job creation in both industrialized and unindustrialized countries. In the case of developed and provisional economies, Amoah and Amoah (2018) went on and established that SMEs delivered 60% to 70% of employment. In developing countries, SMEs were thought to provide approximately 45% of aggregate employment and 33% of Gross Domestic Product (GDP). Furthermore, Small and medium-sized enterprises (SMEs) are frequently regarded as instruments of innovation, economic growth, employment, and social mobility. Jobs produced and jobs offered by SMEs normally advances people's welfare, standard of living, level of income, and social stability all over the world, including in African countries (Amoah and Amoah, 2018).

Again, Amoah et.al in (2020) revealed that for the past several decades, the primary challenge for most African governments has been the creation of jobs. However, it is thanks to the efforts of Small and Medium Enterprises, such a challenge is gradually fading. SMEs are responsible for the creation of job opportunities in the majority of African countries. Furthermore, SMEs are seen to make significant contributions to lowering unemployment and poverty rates. Again, SMEs create jobs that improve people's general well-being, standard of living, income levels, and social status all over the world, including in African countries through income generation. Consequently, the provision of jobs in South Africa is heavily reliant on SMEs, as the formal sector remains to produce jobs and contribute to the income of individuals (Amoah et.al. 2020).

2.3.3.3 Income generation

There is a progressive relationship among a country's general level of revenue and the quantity of SMEs per thousand people Muhammad and Rana (2020) argues. Furthermore, put forward perspectives on how SMEs are good sources of job creation, income, and savings. SMEs make a significant contribution to India's industrial output, employment, and exports. The sector is responsible for approximately 45% of the country's industrial output and 40% of total exports. The MSME sector employs approximately 42 million people across the country. The contribution of MSEs to employment growth (83%) has been greater than expected, based on their share of total employment in the EU non-financial business economy (67%). MSEs had more than double the annual employment growth rate of large enterprises (1.9% versus 0.8%). In complete terms, the number of non-financial business jobs in the EU has improved by 11.3 million in recent years. MSE employment increased by 9.4 million, while LSE employment increased by 1.9 million (Tekola, and Gidey, 2019).

SMEs hold a huge a huge role in creation of employment and thus income generation in sub-Saharan Africa (SSA). The majority of SSA countries are resource-constrained and impoverished. According to World Bank data on poverty as reported by Abisuga-Oyekunle, Patra and Muchie (2020), approximately 85% of people lived on $5.50 per day in 2015. As a result, the overall poverty rate in SSA countries is quite high. SMEs have been a dominant tool for job creation and are essential for improving the standard of living of people through provision of a diverse range of employment opportunities for the poor. SMEs generate new businesses, firm improvements, new firm activities, and new economic sectors. They create jobs, produce goods and services for society, and introduce new technologies and lower-cost output (Abisuga-Oyekunle, Patra and Muchie, 2020). Muhammad and Rana (2020) also added that SMEs’ contributions cannot be overstated, as they continue to be an important sector in many economies. The reason for that is the enormous role they play in the country's economic growth by positively encouraging income circulation in both functional and numerical terms.

Ismail and Ainebyona (2018) studied the impact of income generation projects in Somalia, and reported that, employment generation has a positive impact on the income of the people who are participants. The study revealed that the farmers after they have participated in income generating projects, their income significantly increased, meaning it improved the livelihoods of the households. Furthermore, the income generating projects helped with improving the standard of living of the communities through the income it provided. The income allowed the households to take care of their needs such as health and education. Overall, the activities helped with tackling of poverty in the communities, positively contributing to the wellbeing of the households and economic independence that most rural communities are striving for (Ismail and Ainebyona, 2018).

Tsatsenko (2020) added that the SME sector plays a huge role in the economy of any country, hence they are seen as "the backbone of the economy". SMEs stimulate innovations, job creation and can be seen as the key engine of employment which contributes immensely economic development and thus improvement of well-being of communities. SEDA (2019) reported that the SME sector in South Africa was able to provide income to at least 10.8 million people in the year 2019 through employment, making up a total of 66% of the total employment of the country. In essence, SMEs have the capability and high potential to generate jobs for those unemployed in the country and thus contribute to sustainable economic growth. Christiaensen and Maertens, (2022) further added that income generating activities in the agricultural sector should adopt digital technologies and encourage innovations. That will consequently allow small business holders have access to agricultural advisory, insurance and credit as well as machinery services while improving the accessibility of output markets (Christiaensen and Maertens, 2022).

2.3 b) Empirical Literature

2.3.1 Sustainable economic growth

Literature suggests that every country across the globe strives for a sustainable economic growth. Ogunmuyiwa and Onkunleye (2019) defines sustainable economic growth as the ability to achieve and maintain growth and development of a country's economy, over a long period of time. Hence we have the Millennium Development Goals (MDGs) which are basically a global economic agenda that are set to achieve certain objectives. The MDGs were set to achieve major and important socio-economic priorities between the years 2000 and 2015. They focus on public concerns such as poverty, diseases, unmet educational needs, hunger, gender inequality as well as environmental destruction. Looking at how things are, most developing countries have made significant improvements towards achieving the goals, even though they all differ greatly among countries, targets, as well as regions (Ogunmuyiwa and Onkunleye, 2019).

Hence, world leaders decided in September 2015 to meet up again in New York to have an agreement on a new development plan or the Agenda 2030 for Sustainable Development. This new SDG plan, takes into consideration/reflects a holistic, coherent and balanced framework while also incorporating the three dimensions of sustainable development. The first dimension being the social, and then the economic, as well as environmental dimensions, while recognizing the direct links between human wellbeing, environmental health and economic development. Thus, it is safe to say the SDGs seeks to contribute to reduction of poverty, encourage healthy life and wellbeing for all, ensure sustainable access to safe and clean water and energy, eradicate hunger for all and contribute towards sustainable economic growth (Ogunmuyiwa and Onkunleye, 2019).

In addition, there are six main SDG elements which serve as conceptual guidelines for attaining all the SDGs. The elements include dignity, prosperity, our planet, justice, people and collaboration. These elements hold a significant role such that if they are strictly implemented, they have the ability to contribute to long term improvement and progress in all economies, especially for those that are developing as they are the mostly suffering ones. These elements have the potential to contribute to economic growth and development that many poor nations desire (OGunmuyiwa and Onkunleye 2019). On the other hand, Surya et.al (2021) explored the era of globalization that come with various technological advancement. Globalization and technology advancements have created a need to encourage both regional and national growth.

Moreover, Surya et.al (2021) highlighted that various authors have highlighted globalization as the process of global dependency, driven by money and investments towards market integration and the competition that exists globally which needs to be regulated. So, in order to regulate the competition, there are 5 key and strategic roles in the use of technology, the first one being the: need for automating manual processes, cutting on labour and operating costs, secondly: saving more time when it comes to completing tasks, thirdly: improving the speed of decision making and the performance of economic business in the competitive market, fourthly: reducing promotion and marketing costs, fifth and last one being: engaging the system from process to product marketing. As a result, adopting technology will play a huge role in sustainable economic growth as it will act as a catalyst to enforcing change in the commercial sector, including the development of SMEs in communities. In essence, we can view technology as the driving force behind company's needed digital transformation, entrepreneurship and overall sustainability (Surya et.al, 2021).

2.3.2 Sustainability and performance of SMEs

Prasanna et.al, 2019 argues that there is a need to remove economy's frontier barriers, and the technological progress is the most appropriate to be used as a measure. The technological progress helps in improving the productivity and effectiveness of the factors of production namely; capital, labour and other resources that contributes to the improvement of the production input. In essence, technological progress can be seen as the process of economic invention and innovation. Around the world at large, many experiences predominate at the country level, which advocated for technical improvements or adaptations in the SME sector to take the economy to the next structural cycle of the economy. For example, the Economic committee established by the Singapore government following the 1985 economic crisis, focused more on the need to accelerate growth of local firms. Just like Surya et.al (2021), Prasanna et.al (2019) also recommended five strategic trusts for growth of SMEs, among them being the adoption of technology, application as well as innovation as the top priority. These are meant to help face the competitive challenges in the global economy and contribute to a more sustainable, vibrant and resilient economy (Prasanna et.al, 2019).

In defining the performance of SMEs, literature put forward many various techniques. According to Prasanna et.al (2019) majority of studies view the degree of innovation in product, process and management systems, and also the ability of SMEs to survive and be competitive as very important. There are three mission components meant to evaluate the performance and success of SMEs. Number one is the; survival, development and profit, second one is the philosophy and value and thirdly the public image. The economy is the major indicator of benefits and improved SMEs performance, depicting improved industrial income, unemployment reduction, increase in export growth and productivity improvement of both goods and services. (Prasanna et.al (2019).

These are all essential in attempting to reduce poverty, especially in developing countries as they are struggling the most.

2.3.3 Goods and Services

In December 2019 some of the countries of the world experienced coronavirus (COVID-19), which in 2020 spread to the rest of the country. This illness (COVID-19) caused severe acute respiratory syndrome, and the scale of infections and mortality made it a threat to the lives of people. Furthermore, it affected all the facets of the global economy and human life, commerce and trade was affected, livelihoods of people, education, health as well as mobility as there was travel restrictions imposed. Ekumah (2020) reported that according to the World Health Organization, 71% of the world's population which was about 5.3 billion people in 2017, had access to clean drinkable water, located within the premises and available when required. On the other hand, about 98% of the world population, which was 6.8 billion people had access to at least one basic service which was an upgraded drinking-water source within a 30minute round trip. Even so, sadly about 785 million people did not have access to adequate drinkable water, also 144 million people relied on surface water (Ekumah, 2020).

Furthermore, less developed countries struggle the most, about 22% healthcare facilities lack water, 22% lack waste management and 21% lack sanitation. 844 million people in 2015 had limited access to clean drinking water while 2.3 billion lacked ready access to basic sanitation facilities. These challenges are more prevalent in the less developed countries of the Sub-Saharan Africa, Central and Southern Asia, as well as the Middle East. People in Sub-Saharan Africa are twice as likely as those in rural regions to have access to clean and safe water. While rural regions frequently have limited access to sanitary services, the situation in Sub-Saharan Africa is dreadful. Only 24% of rural residents and 44% of urban residents have access to sanitary services (Ekumah, 2020).

Masuku (2018) reported that food insecurity affects those people who are mostly unable to obtain healthy nutritious food due to poverty, climate change, socio-economic reasons and the quality of food system that exists within the country they reside in. These are not dependent on the food availability or even adequate food supply and properly functioning markets. Hence in South Africa, food insecurity is seen as a sequence of experiences that involve a decrease in availability or accessibility of basic commodities, poor decision-making process, and more constricted household resources. Section 27 of the South African Constitution (Act 108 of 1996) puts forward that citizens have a right to healthy nutritious food and it is the State’s task to fulfill this right within available means (Masuku, 2018).

However, there is still forever increasing unemployment rates in South Africa that contributes to the decrease in average income of households in South Africa, which consequently affects food expenditure by households on goods and services. Many rural households are reliant on wage income, which makes them food insecure because they cannot obtain a sustainable supply of healthy food as they have limited purchasing power in both formal and informal food markets. It has been noted that food insecurity, often known as rural poverty, affects 13.8 million people in South Africa, and these individuals continue to require assistance to access healthy food. Hence, the food crisis has been linked to South African rural areas, where households have limited access to sufficient, safe and sufficient food (Masuku, 2018). These make poverty alleviation hard to achieve especially in rural areas, and encourages seeking of other ways poverty can be tackled.

2.3.4 Poverty alleviation

SMEs are associated with exploration and development of new opportunities; hence they form a central part of wealth. SMEs in African countries contribute immensely on tackling developmental and financial limitations. Without SMEs, the citizens of these countries would experience the worst living standards with low-income as most of them are dependent on the SME sector for their livelihood. Moreover, SMEs contribute to economic development through entrepreneurship, creation of job opportunities and poverty reduction. They further make up the massive majority of businesses in South Africa, as they have become the main service providers and suppliers to many large corporations. Poverty is evident in the world, especially in rural areas of developing countries, even though they differ from one country to another. In South Africa, the government in an attempt to tackle poverty, has assigned SMEs as a key element because the sector allows the use of resources from communities to effectively produce goods and services for the community where they are implemented (Saah, 2021).

Many rural townships of South Africa are characterized by growing unemployment, poverty and inequality. SMEs come in to help people access services and meet their needs. They contribute to job creation and income generation in underprivileged and vulnerable societies. Moreover, SMEs contribute to the alleviation of poverty through the expansion of already surviving businesses or starting new ones and consequently providing employment. Therefore, providing income to the participants in the communities employed by these businesses. Saah (2021) further puts forward that SMEs play a huge role in tackling one of the biggest problems faced by South Africa currently which is unemployment. SMEs are essential because they hire both skilled and unskilled, contributing largely in human capital and providing source of income to households, which is very important for South Africa's economic growth.

2.3.5 Human Capital

Ruggeri and Yu (2023) human capital is not a new concept, and further reported that Adam Smith in 1776 also put forward the significance of human skills in determining the wealth of an individual as well as the nation. However, also alluded that what can be seen as new is how the importance of human capital is recognized as an apparatus of economic growth. Ruggeri and Yu (2023) defined human capital as the accumulation of instinctive abilities as well as understanding and skills that individuals obtain and develop all through their era. Ruggeri and Yu (2023) argue that "innate abilities represent an individual's ability to learn new skills." Thus they include the physical, knowledgeable, and psychosomatic capabilities that people have at the time of their birth. Human capital is increasingly becoming the primary motivator of efficiency and economic progression. A country's efficiency has an obligation to increase and improve in order to develop and magnify its per capita output and consumption (innovations and business opportunities), thereby improving living standards (Ruggeri and Yu, 2023).

Msomi and Kandolo (2023) supports Ruggeri and Yu (2023) and puts forward that there is a need for people to be knowledgeable and aware especially of the digital platform that is fundamental in the moderation of costs and productivity development of SMEs, therefore SME dynamics. The use of digital platform is increasing worldwide, however there are still people (managers) in business who are reluctant to explore the digital space, especially those in developing countries. People in less developed nations are reluctant to explore the space because they lack skills training and the government is not committed to bringing technology innovation. Consequently, you find people loathing technology and saying it goes against their religion and traditional dogmas. Sadly, the individuals' lack of awareness and knowledge about digital platforms does not only affect the demand of such technological innovations, but also has a negative impact on the sustainability of SMEs and consequently SME dynamics (Msomi and Kandolo, 2023). Hence the need to consider education, health, skills, determination as well as human potential growth people in business (SMEs).

2.3.5.1 Education

Du Plessis (2019) put forward that, according to The Constitution of the Republic of South Africa, 1996 (Republic of South Africa, 1996b), the South African Schools Act (Republic of South Africa, 1996a), and associated equality legislation and policies; every South African citizen has a right to have access to learning and teaching. Every citizen has a right to similar facilities and other equal educational opportunities. However, it is sadly not the case, especially the rural areas of South Africa because even today these areas have prevalent poverty and unemployment. The poverty and unemployment poses many challenges in the educational system, which directly influences the roles teachers play and the quality of education delivered in these schools. Rural areas are typically remote and lack development, which is why many schools have limited access to infrastructure and physical resources such as water, sanitation, transport, information and communication technology, and etc. that is needed. In essence, the education quality is lower because of poor, depending on the socio-economic status of the parents in rural areas (Du Plessis and Mestry, 2019).

Provincial governments are faced with financial constraints which makes it hard for them to combat the undesirable conditions in rural areas. The government and educational authorities struggles to provide the rural schools with the much needed human physical resources. As a result, this ends up being the parents' burden as they are expected to take care of the necessities such as stationary. On the other hand, it is no secret that, parents in rural South Africa typically work low-paid jobs, have a poor level of education, and place little emphasis on education. Many parents are unable to purchase additional supplies that instructors demand, significantly impacting teaching and learning in these schools. Du Plessis and Mestry (2019) further added that governments' economic constraints in providing free basic education to all residents, as well as parents' poor socioeconomic level, are significant impediments to children advancing to good educational levels and enjoying a quality of life.

This is principally evident in Africa and other emerging nations where the majority of people live in poverty and have inadequate access to decent education and healthcare facilities. Any country may benefit significantly from investing on education and healthcare facilities as it comes with enormous social and economic advantages. A nation's expansion and improvement is administered by the level and growth of its human wealth, to which education and improved health investments subsidize considerably (Du Plessis and Mestry, 2019). Manzoor, Wei and Sahito (2021) concurs and further added that the government must grow the SME sector, which has the potential to create jobs, while also ensuring that the youth is receiving outstanding education and quality training in order to operate a more productive SME sector for the economy. Buzavaite and Korsakiene (2019) also put forward that education appears to be a significant element influencing corporate internationalization. Considering education level, research indicates that university education influences business decisions.

2.3.5.2 Health

Many rural areas struggle to access healthcare facilities which in turn leaves the people's health in those vulnerable. Previous research has exposed that publicly funded education and health services have a positive impact as they have an enabling role that provides a stronger and needed poverty decrease effect than other public services. Valuing public investment in basic education and healthcare facilities while further providing low-cost or free public services to low-income households, helps with reduction of economic inequality to some extent. The government-provided medical insurance may not only directly contribute to reduction of poverty, but may also lower the incidence of poverty in rural regions by raising farmers' per capita income, which has a significant influence on rural households. In essence, improved healthcare is a necessary and basic service for poverty alleviation, and the government should offer public money subsidies to assist in meeting poverty reduction (Yang, Zhou, Zhang, Luo, X., Luo Y. and Wang, 2022).

Most importantly, Yang, et.al (2022) put forward that public health services play an important role in boosting health human capital accumulation, enhancing individual feasible capacity, and decreasing family poverty. The enhancement of public health services contributes to the reduction of family relative poverty. Individual feasibility ability is directly affected by public health services, which can boost individual self-anti-poverty capacity. In addition, public health services and family health investment collaborate on the accumulation of health human capital within the family, with the goal of improving individual or family income levels and alleviating the socio-economic challenges prevalent in various households. Health poverty is a significant component of human poverty. Good health is a crucial "feasible ability," and it is also the prerequisite for people to develop other feasible talents. People must have excellent health and invest in their health in order to engage in other social and economic activities (Yang et.al, 2022).

2.3.5.3 Skills

There is a need for sustainability and effectiveness in the social and economic activities that people participate in. Evidence from Buzavaite and Korsakiene (2019) suggests that communities and individuals in rural areas have little capacity to participate effectively in socio-economic activities because they lack education and skills that are necessary. Moreover, the study puts emphasis on knowledge, skills, experience and talent as the most important especially in entrepreneurship as they contribute to strategic choices and consequently adds value to the firm (Buzavaite and Korsakiene, 2019). Owning skills is very important as it has a potential to improve people's participation in different activities for sustenance and livelihood resilience. Eteng, Opara, Ezikeudu, Adie, Ogar, Ozumba and Ugo (2022) emphasized that aside from insufficient income and worker encouragements, the main issue confronting rural poverty decrease is a deficiency of functional skills (professional or technical) amongst many individuals, predominantly young university graduates.

Consequently, this condition has resulted in an entire reliance on the government for "white collar" employment, which are now difficult to come by, owing to a shortage of skills. Hence, the need for skill acquisition, which most of the time is a programme by the government that is meant to help reduce poverty. Skill acquisition is a basic subject that has recently vexed scholarly interest. This is due to the fact that skill development increases the possibilities and performance levels of people, households, and community-based organizations. Acquiring skills also leads to income creation, offers an individual reputation, and may result in industrial development (Eteng, et.al, 2022). In essence, having skills has the potential to improve individuals' determination and thus their potential growth which could encourage participating in different socio-economic activities (livelihood transition) that is very much needed especially in rural areas.

2.3.6 Human capital and livelihood transition

Access to economic opportunities and partaking in economic activities is determined by human capital in terms of education, skills, knowledge, and health. Hence, according to Ismail and

Ainebyona (2018) individual human capital has long been regarded as a fundamental predictor of migration likelihood. There is a substantial body of research demonstrating that those with higher levels of education and skills have a reasonable advantage in the purpose labor markets and are more likely to migrate. This means that those who are well equipped are likely to be susceptible to migration streams. However, in migration decisions where other assets are essential, educational attainment may be of minimal importance (Ismail and Ainebyona, 2018).

Moreover, Ismail and Ainebyona (2018) noted the need for businesses to focus more on agriculture. Additionally, there is a need for Green Revolution and landholdings which is natural capital in order to practice the various components that comes with the package of green revolution. Significant policy focus has also been placed on increasing agricultural finance and roads or transit to facilitate technological adoption. Many new technologies necessitate the utilization of human capital in the form of knowledge and skills. It is now widely acknowledged that social capital can facilitate the adoption of technologies that function on a broad spatial scale. It encourages collective activity that is required to coordinate individual action for shared investment or adherence to standards (Ismail and Ainebyona, 2018).

Bhandari (2023) concurs with Ismail and Ainebyona (2018) and also added that human capital is what allows individuals or families to pursue various livelihood strategies in order to fulfil their demands and wants in life. These include the quality and quantity of available labour, skills that the individuals possess, their knowledge, as well as their health. Human capital including both the quality and quantity of labour plays a huge role especially in resource-dependent unfortunate rural agrarian societies. This is because it serves as a fundamental unit for obtaining the livelihood end goals and making sure that they are sustainable. For example, household will use old-fashioned labor-using inputs, such as bullocks (and human power) for plowing agricultural land, farmyard manure for fertilizing crop fields, and weeding and pulling out diseased or insect-infested plants (Bhandari, 2023). With that said, it is important for households to have labour available.

Furthermore, just like Saah (2021), Bhandari (2013) also put forward that in developing countries such as South Africa, it is mostly subsistence farming that is practiced, which tries to its best of abilities to take in a lot of unskilled family labour and use it to perform farm activities. Also, in many developing countries, women's participation is very important in agriculture considering the gender perspective. When it comes to protection of the land for example, women play a crucial role, as well as protection of water, wildlife and general agricultural development, which is evident in India. While most men are responsible for preparing land for irrigation, crop cultivation as well as threshing of grains, women are predominantly responsible for planting of rice, pouring manure, dealing with weeding and also harvesting.

Most importantly, Bhandari (2013) added that education is indeed “the key to success” as it is another important human capital dimension which is also the dimension of SMEs. Education is significant in determining the structural change of many livelihood activities that households can partake in. Education can influence farm households’ livelihood change in two opposite ways. Education allows individuals access to information that is needed to improve farmer’s ability to understand things or farm procedures which consequently improves their income. Thus, the improvement in income of the farmer will encourage the farmer to continue farming. Conversely, the increased information that comes with education will boost the skill and opportunities in other sectors outside of the agricultural sector into other various SMEs (Bhandari, 2013).

2.3.7 Challenges of SMEs and SMEs dynamics

SMEs face various challenges across the globe and to concur with this information, Muriithi (2017) added that much has been written and researched about the success of SMEs all over the world. Even Naicker and Rajaram (2019) agree and added that as much as SMEs contribute significantly to economic growth globally and internationally, they still do face hurdles. These hurdles are mostly result from, more than they were before, how dynamic and significantly complex the environments they operate in are. SMEs in Africa deal with numerous encounters that impede their evolution. SMEs in various African countries find it challenging to do business because of unfavorable business surroundings regarded as antagonistic by legal requirements, sky rocketing taxes, inflation, and unstable and unreliable exchange rates. All of these mentioned create difficulties in generation of profits in order to live (Muriithi (2017).

Opafunso and Adepoju (2014) argue that SMEs are faced with the shortfall of government’s efforts, making it hard for their growth. Furthermore, Opafunso and Adepoju (2014) added that the Nigerian government has made significant efforts to develop small scale industries; however, the government can be blamed for a portion of the massive SMEs challenges. This is primarily due to unfitting implementation of policies concerning SMEs and a serious lack of motivation and infrastructure improvement to simplify SMEs' business undertakings. Government strategies appear to be a major source of concern for SMEs. The beginning of harsh government policies towards SMEs can be sketched from back to 1982, when "stabilization measures" were implemented, resulting in import controls and drastic economical cuts. This consequently had a destructive impact on the subvention to financial institutions established to provide financial assistance to SMEs Opafunso and Adepoju (2014).

Endris and Kassegn (2022) put forward that entrepreneurial activities in developing nations are ruled by individuals who are forced to start their own businesses because of high unemployment that is prevalent. So they are affected by factors such as insufficient access to financial assistance, poor business expertise, limited market entry, and cramped working space, which are the crucial problems limiting SMEs' contribution to indigenous economic advancement in underdeveloped nations. In essence, SMEs’ contribution to balanced development is hindered by adverse corporate conditions, insufficient reachability of capital, and widespread informality. The burning challenges to SME advancement in Sub-Saharan Africa entails a limited reachability of finance, a deficiency in entrepreneurial thinking, government commandments, principles, and processes for businesses, and training deficit. As a result, the primary emphasis of SMEs' owners is personal financial self-sufficiency as opposed to growing and improving the business, which in turn, affects the accomplishment and progress of small businesses. Within these cases, profits produced in the business are frequently consumed on individual costs rather than ploughed back into the business (Endris and Kassegn, 2022).

When it comes to South Africa, it is critical to note that during apartheid, SMEs existed on the outskirts of economic recognition, more or less regarded as an informal economy, a situation that unfortunately persists to this day (Mwale, 2020). On the other hand, Ngibe and Lekhanya (2019) agree with Opafunso and Adepoju (2014) and further added that South African SMEs leaders lack innovation. Accordingly, emphasized the importance of cultivating an innovative culture within SMEs in order to ensure sustainability. Naicker and Rajaram (2019) put forward that the collapse of SMEs in South Africa is too high, looking at about 75% of the many small businesses failure to become reputable and well established firms. These failures are caused by various factors that impacts the businesses which can either be internal or external, as well as entrepreneurial culture (Naicker and Rajaram, 2019).

Naicker and Rajaram (2019) further argue that SMEs are exposed to three types of risks which are economic, industry and firm based risk, and these are the determinants of business's success or failure. About 30% to 50% business failures are caused by economic factors. Competition, foreign exchange rates, interest rates, government bureaucracy and inflation are all major elements influencing the performance of SMEs in South Africa. Moreover, South Africa's government bureaucracy was also cited as a serious impediment to corporate sustainability and activity. The time delays in getting necessary permissions and licenses to trade were identified as key difficulties in government bureaucracy. These responsibilities were deemed inefficient by government departments (Naicker and Rajaram, 2019).

Just like Muriithi (2017), Fubah and Moos (2022) agree that SMEs are faced with some challenges and further touched more on the challenges such as limited access to funding and credit of SMEs, particularly in developing nations such as South Africa. This suggested that most SMEs fail because they have limited funding unlike other large corporations that are able to put up their names on stock exchange markets, which allows them to lure in investors. Consequently, that means SMEs have limited access to physical infrastructure to keep them going, leading to them perform poorly. Fubah and Moos (2022) further added that the limited access to funding does not only contribute to poor physical infrastructure only, but also leads to lack of networks leading to poor information that could help SMEs grow and develop. All of these challenges have made it hard for SME dynamics to improve, especially in rural areas.

2.3. c) Summary of Reviewed Literature

I) Similarities

The theoretical literature focuses more on highlighting the unique challenges faced by SMEs such as resource constraints which includes the inadequate access to both financial and human capitals. These constraints have a huge negative effect on the success and growth of SMEs and the overall productivity. The literature highlights various theories that put forward that it is important to take into consideration all of these limitations as they are fundamental in the understanding of why SMEs behave a certain way and their performance. Similarly, the empirical literature highlights evidence that supports the theoretical literature and puts and emphasis on how SMEs with adequate access to financial resources have a better chance of progression. The literature further highlights how people with skills tend to do well in terms of innovation and are more likely to grow faster.

Both the theoretical literature and empirical literature emphasizes on the important role that being skilled and having adequate financial resource contributes to growth and succession, consequently resulting in SME dynamics.

II) Differences

The theoretical literature highlights more of the frameworks that explains the links between financial resource and human capital, as well as the SME dynamics. The literature highlighted the Human Capital Theory that suggests that performance of SMEs and their overall progression is dependent on both financial resource and human capital. The theory suggests that SMEs play a huge role in the economic progression of South Africa, however, their success depends on the entrepreneurial capital of the people. On the hand, the empirical literature provided insights into how financial resources and human capital such as access to funding and being skilled can contribute to the growth percentage of SMEs, especially those in the technology sector. The empirical literature provided data on how countries like South Africa used government support to contribute to the growth of SMEs through provision of financial support and policies put in place.

III) Gaps

Both the theoretical literature and empirical literature shows to have some numerous key gaps associated with the financial resource, human capital and SME dynamics. The theoretical literature highlights different roles of the financial resources and human capital and how they separately contribute to the success and growth of SMEs. However, there is no enough insight on integrated models that explore how both the financial resource and human capital pillars work together to influence the growth and success of SMEs. The human capital theory focuses on these pillars individually instead of highlighting how they could interact and work coherently together. There is a need for more comprehensive models to give more insight into the pillar's synergistic relationship and their joint contribution could influence the growth of SMEs and thus SME dynamics. The literature does not give insight into the magnitude of influence possessing both human capital and financial resource could have on success of SMEs and individuals.

2.4 Theoretical Framework

2.4.1 Sustainable Livelihood Approach (SLA)

According to Masuku (2018), theoretical framework plays a huge role as it contributes to the improvement of knowledge process in scientific discipline, while steering the research to the most salient questions. It is crucial to understand what factors should be studied and how they relate, hence it is important to have a theory that will help with identifying and understanding those factors. Having a good theory is also important as it establishes the conditions and boundaries of relationships, which is very essential in this study. Most importantly, along with other factors, a theoretical framework seeks to identify any new theoretical links and to explicitly give theoretical implications for problem solutions (Masuku, 2018).

This study focuses on households and their socio-economic needs influenced by SME dynamics, while at the end, seeking to recommend ways that could contribute to sustainable development. Again, the study used human capital and financial resource pillars of SLA to measure the socio-economic wellbeing of the households. This means that the study also dug deep into the people-centered activities that the community members take part in, as well as individuals' capabilities towards contributing to their livelihoods/income and then socio-economic wellbeing. This makes the Sustainable Livelihood Approach the most suitable for this study, because it addresses households' livelihoods with the aim to improve people's living standards and wellbeing. At the end, this study aims to come up with recommendations on how household's ability to make a living in an economic and maintainable and ecological manner can be enhanced to consequently lead to socio-economic wellbeing.

Ismail and Ainebyona (2018) explain Sustainable Livelihood Approach as a broader view to people's livelihoods by not only focusing on income-generating activities but going as far as making it a priority to improve rural development. To do so, there is a need to take into consideration the complexity which could be seasonal or cyclical of livelihood choices. Masuku (2018) concur with Ismail and Ainebyona (2018) that the Sustainable Livelihood framework attempts to consider the many components of livelihoods of individuals, the methodologies employed, the goals chased, and the limitations that exist, and that consequently serves as a tool for better understanding of rural activities and the wellbeing of the households. Moreover, Su, Song, Sultanaliev, Ma, Xue and Fahad (2021) added that the SLA is framework that is mostly recognized by scholars/researchers widely. This framework is a two-dimensional diagram that depicts the core variables which include vulnerability context, structural and process changes, general livelihood capital, livelihood strategies and goals, and the overall relationships that exist within these core values. What is also important to note is that, the SLA framework focuses on five types of overall livelihood capital: (1) human capital, (2) physical capital, (3) natural capital, (4) financial capital, and (5) social capital. It primarily tries to evaluate how individuals (particularly farmers) utilize their livelihood capital and the most appropriate techniques for improving their livelihood level in a hazardous setting influenced by official governmental policies, agricultural markets, and natural causes (Su, 2021). This further justifies why the Sustainable Livelihood Approach is the most suitable for the study, also because it helps with a better understanding of household-level circumstances, which is what this study seeks to do.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

Overview

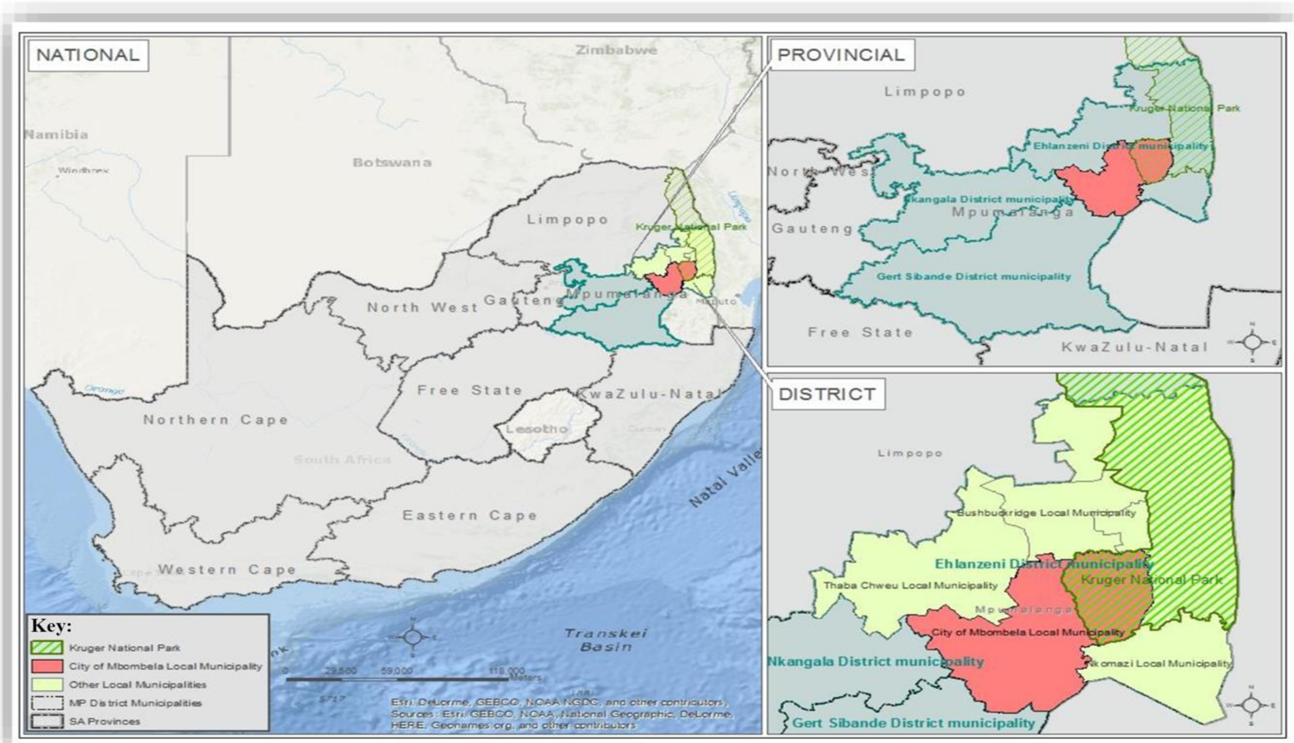
There is a need to understand and have guidance for study's approaches. Hence, research design and methodology are empirical points that should not be overlooked. This chapter gives in detail the research process, particularly the research design as the plan adopted for the purpose of addressing the research questions. After reading this chapter, the reader should have an idea of all the important procedures used by the researcher to address the research questions and objectives of this study. In essence, this chapter shows the procedures and methods adopted as a component to acquire, organize and analyze the collected data for this study on a systematic basis. Moreover, the chapter describes the chosen study area, the targeted population. Accordingly, the tools and strategies for sampling, data collection and quality control measures adopted are properly explained in this chapter.

3.1 Description of the study area

The area of research refers to the geographical boundary that gives the reader an idea of the exact area where the study was carried out. It gives a background on the history and locality of the area. This study was conducted across the Mbombela Municipality within the Ehlanzeni District. The study targeted areas in the Mbombela Municipality, which are Kabokweni, Kanyamazane, Mbombela CBD, Tekwane and White River. The City of "Mbombela", which is basically a Swati word that describes "a lot of people living in a small space" which refers to some towns within the Mbombela Local Municipality area of jurisdiction. The municipality is the result of the merge of the local councils which happened in the year 2000. Then the merging of the Mbombela Local Municipality and Umjindi Local Municipality which happened on the 3rd of August 2016 produced The City of Mbombela Local Municipality. Thus, the new structure's Council and Administration was given the responsibility to improve progression and development of the communities in the municipality by enhancing community participation and accountability (City of Mbombela n.d).

The location coordinates of the municipality are 25.4 degrees South and 30.9 degrees East. The municipality serves as the capital city of Mpumalanga province and the seat of the provincial legislature. The municipality's location and status as a capital city gives it a competitive edge as a growth corridor. The city has two airports: Kruger Mpumalanga International Airport is located in the northeast, while Mbombela Airport serves general aviation in the southwest. Pretoria and Johannesburg are 320km inland, with the border station at Komatipoort 120 km to the east. The Mozambican coastline is 200 km distant and 55 kilometers from the Kruger National Park. The municipality is located 167km from the CBD and 127km from Barberton, and shares a border with Swaziland. The municipality's urban areas include Mbombela, White River, Hazyview, and Umjindi, as well as former homeland towns like Kabokweni, Kanyamazane, and Matsulu (Mbombela Local Municipality Annual Report (2022-2023). Below is the Map depicting the National, Provincial and District Map of Mpumalanga.

Figure 3.1.: National, Provincial and District Map



Source: Mbombela GIS, 2020

As depicted on the map above, the Mbombela municipality is a Category B municipality within the Ehlanzeni District and is quite large as it accounts for over a third of its total territory. The province’s seat, Mbombela which is formerly known as Nelspruit, can be found on the Eastern part of the country. The area offers some of the attractive environmental and adventure activities in the country. It is characterized by favorable temperatures, making it a popular tourist attraction destination throughout the year. The temperate temperatures come with a variety of amenities, including sub-tropical fruits, world-class retail malls, casino and entertainment options, which is attractive to investors and enterprises (Maphanga, 2022).

3.2 Research Design

The main focus of this study is on the SME dynamics and the socio-economic wellbeing of households in the Mbombela Municipality, with the aim to address uncomfortable conditions and to find solutions and address the issues. Hence, it was imperative for the researcher to choose a suitable research design for the study in order to improve the chances of the study fulfilling its goal. Ainebyona (2018) describes a research design as a steer wheel that guides the researcher's planning and implementation processes of the study so that it is more likely to yield the expected goals. This study used the quantitative method, and looking at the nature of the study, the researcher adopted the descriptive and the correlational research design in order to provide a wide ranging analysis of the problem of the study. Furthermore, the research design helped the researcher to describe the socio-economic status of the households in the chosen area where the study was conducted. The correlational research design helped the researcher with addressing the first objective which looks into the relationship between socio-economic index and the SME dynamics, without any manipulation of both the variables.

The information above concurs with Ismail and Ainebyona (2018) who presented research design as a plan, structure and a method that is adopted in order to answer research questions and thus control variance. It basically guides the researcher to the right direction because of the sign posts it provides. Pedersen (2024) puts forward that research design has a very important role to play when it comes to gaining meaningful insights. It gives a clear view on how the study will be conducted and certainly helps the researcher come up with the most suitable approach that will help achieve the set goals. In essence, in order to improve the chances of achieving valid and reliable results, there is a need for a study to be well designed (Pedersen, 2024).

Research design provides a systematic path for the researcher to follow while conducting research. It further ensures that all the aspects of the study are properly planned and executed. Without research design, the researcher would not have a clear roadmap as to how they could define the research questions they want to address, as well as identify the variables they want to study. Clearly defining what is to be studied helps the research align with objectives. Every researcher's goal is to conduct a study that will yield valid and reliable results, and research design comes with various key components that influences the validity and reliability of the study which it very important. The components include the research questions (which are basically the foundation of any study), the variables and operational definitions, sampling techniques, data collection methods and statistical analysis procedures. Overall, research design shapes the entire study, from your data collection process to the analysis as well as interpretation of results (Pedersen, 2024).

3.3 Research Approach

The researcher in this study chose the quantitative approach and had to collect numerical data in order to measure the SME dynamics and socio-economic wellbeing as the variables of the study. SAGE Publications (2023) define quantitative research as an approach for testing objective theories through the examination of the relationship between variables comparison amongst groups. That is why in turn, a researcher can measure the variables using numbers on suitable instruments so that the numbered data collected can be analyzed using statistical procedures. Thus, quantitative studies require researchers to test theories deductively, avoid the study being bias, manage options or counterfactual explanations and be able to produce general and replicable findings (SAGE Publications, 2023).

Using the quantitative approach, the researcher was able to gather responses from a larger sample size of several partakers, using a limited set of questions. This allowed the researcher to compare and combine the statistical data from the larger sample size to come with up results. Having used a larger sample size and analyzing the numbered data, the researcher was able to ensure the validity and reliability of the data collected and thus, the study. The researcher through the numeric data was able to study the sample population's trends, their attitude as well as their opinions. Therefore, through the use of the quantitative approach, the researcher was able to assess the relationship between SME dynamics and the socio-economic wellbeing of households in the chosen areas for the study.

The study used the quantitative approach, which helped the researcher fulfil the aim and provide the needed answers to the research questions. This study utilized the obtained quantitative data from participants of SMEs in order to address the questions, which worked well as the researcher was looking to test relationships between variables. SAGE Publications (2023) define research approach as a very important procedure in a study because it informs the steps from wide-ranging ideas, narrow them down to detailed techniques used to collect, analyse and interpret data. That is why it is important for the researcher to make a correct decision on the chosen approach that is relevant to the chosen topic. To ensure that the chosen research approach is appropriate for the study, the researcher need to consider the issue or the problem that the study aims to address, as well as the audience for the study (SAGE Publication, 2023). The three research approaches that a researcher can choose from are quantitative, qualitative and mixed methods, which in this study, the researcher chose quantitative.

3.4 Research Paradigm

The quantitative nature of the study suggests that hard reality exists and that the nature of knowledge and justification is value free. For the same reason, the researcher went for analytical interpretation of quantifiable data. In essence, the researcher adopted the positivist paradigm which helped with guiding the decisions and the actions that were taken by the researcher through the basic assumptions that it provides. By the guidance of the positivist paradigm, the researcher was able to understand the nature of the relationship between SME dynamics and the socio-economic wellbeing of the people who participate in SMEs. Considering that the study digs deep into the social world, the researcher needed to adopt the positivist approach as it is influenced by social context, which basically means that it is objective and unbiased and it was successful.

Moreover, what makes the positivist paradigm more suitable for this study is because the study also sought to assess relationships, which is in line with the positivist paradigm that holds the view that you cannot avoid the natural world. So basically what is it means is that, whatever event happens, it is meant to happen because of the existing relationships. In essence, the positivist paradigm helped the researcher to fulfil the objectives of the study. Haegele et.al (2020) also added that the foundation for quantitative research paradigm is the philosophy of positivism. Alharahsheh and Pius (2019) also concurs and added that positivism is based on the philosophical posture of natural scientist who deal with observable reality within society to provide their own views.

Positivism is concerned with the relevance of what is presented in general, however focusing more on pure data and facts, without being affected by human interpretation or bias (Alharahsheh and Pius, 2019).

Again, considering the nature of reality of this study, the researcher assumed that some form of tangible reality exists and it is reality that can be understood, identified, and measured. Also, the researcher being able to identify the structure and foundation of positivism in the study was a necessary and useful place to start. Park, Konge and Artino (2019) fully explain positivism and its history that dates back to the 17^{th} and 18^{th} Enlightenment centuries, Descartes and Locke who were philosophers, then inspired it. The medieval notions of totalitarianism were discouraged by the scientific community, that is why they advocated for moving away from it as it was based on royal decrees. During this century, scholars and philosophers appreciated the objective knowledge which came from individuals and their thinking, as well as the world view as a whole. Hence, it is safe that, taking from the history; the emerge of positivism was influenced by the movement and abandoning of the social elites. The social elites in the history seen as the royalty, and encouraging moving to adoption of being objective and discovering evidence-based on truth by scholars undertaking well explained experimentation (Park, Konge and Artino, 2019).

Park, Konge and Artino (2019) supports the understanding of the researcher for this study by putting forward that, the assumption by the positivist paradigm is that there is one tangible reality that exists and it is identifiable, understood and can be measured in a study. That is why supporters of positivism argue that knowledge can be and it must be developed objectively, without considering/valuing the views and opinions of the researchers. It is important to know that knowledge that is developed without external influences of researchers is considered truthful and makes it certain, compatible with reality and accurate. Also, there is a need to ensure that there is an absolute separation between the researcher and the participant in order to encourage appropriately developed truth, which is what the researcher did in this study. Moreover, researchers have to follow some firm protocols, hence they must be separated from the participants to eliminate any biasness that might affect the study (Park, Konge and Artino).

The researcher in this study made sure that they are in line with the firm protocols of the positivist paradigm. That is why the participants and the researcher were separated. The researcher collected data from participants that they have no relationship with. The participants had no idea about the views or opinions of the researcher, also the researcher had no views or opinions on the matter being investigated. This means that the answers of the participants were not in any way influenced by the researcher. Moreover, that the study relied heavily on objectivity and not on the experiences of the researcher. The researcher also made sure that there was a sufficient sample size, which helped in discouraging any uncertainty in the statistical results. Moreover, it helped with yielding improved confidence in the findings.

The study adopted positivist paradigm aligned with qualitative method which is appropriate and effectively justified for the study. While the study adopts a quantitative research approach, which generally favors probability sampling to enhance the generalizability and statistical reliability of findings, it instead employs non-probability sampling methods, specifically purposive and convenience sampling. It is important to note that non-probability sampling, particularly in quantitative research, may limit the extent to which findings can be generalized to the broader population of SME participants. The sample may not be fully representative, and the risk of selection bias increases due to the reliance on the researcher's judgment and the participants' availability.

3.5 Target population and Sampling Methods

The target population for this study was individuals within the Mbombela Municipality in the chosen areas of the municipality and are participants or have been participants of SMEs. The people were selected as key elements for the data collection in this study. The researcher did not focus on just one gender for the data collection, but considered both males and females and other, who were 18 years of age and above. The areas that the study focused on specifically within the Mbombela Municipality in the Ehlanzeni District are; Kabokweni, Kanyamazane, Mombela CBD, Tekwane and White River. The researcher understood that a large sample size is important in this study to improve validity. The researcher approached SEDA for Data Base which was used to check registered SMMEs. The Database showed about 5000 registered SMMES, which the researcher used to decide on the towns to draw the participants from and proceeded to pick 50 participants from each of the chosen study areas that were chosen. Thus, in total, the number of participants added up to two hundred and fifty (250) individuals. However, only 226 were able to answer the questionnaire, meaning the data used in this study was collected from the 226 SME participants who were readily available to participate in the study.

The researcher employed the non-probability sampling to draw the targeted population of this study from the Mbombela municipality. Adopting the purposive sampling as well as the convenience sampling technique, granted the researcher a deliberate choice of participants. The researcher used the purposive sampling technique to choose only participants who are involved in SMEs. Busayo.longe (2021) defined purposive sampling or subjective sampling as a non-probability sampling approach, wherein the researcher selects variables for the sample population using their judgment. As a result, purposive sampling is also known as judgmental sampling.

The researcher used the convenience sampling, which is also known as accessibility sampling and is part of the non-probability technique to get those SME participants who have retired to give their insight and experience through the questionnaire. In essence, after the researcher had purposely chosen to target SMEs participants within the Mbombela municipality, the participants had to be those who were readily available and either male or female in order to save time. Basically, the researcher considered people who were easily accessible/available as long as they are participants of SMEs, which came in handy as it saved the researcher time. The researcher did not only focus on getting employers as participants in the collection of the data used in the study, employees were also considered and those who have retired from the SMEs because of their age and as long they are available to the researcher. This helped the researcher reach the targeted number of the participants in this study. Crossman (2019) defines convenience sampling as a non-probability sampling method where the researcher picks participants according to their availability.

3.6 Data Required

This study consists of primary data which is the data that the researcher collected from the target population on their own. Martins, Cunha and Serra (2018) put forward that primary data or first-hand data is inherently valuable as it most likely gives trustworthiness and transparency about the phenomena that is being studied. It is most likely transparent or trustworthy because it is the data that a researcher followed strict rules and appropriate approaches to collect on their own. It is important because it takes into consideration the type of research being conducted. Quantitative studies probe this kind of data from participants through questionnaires, surveys and etc. which is what the researcher did in this study. The researcher opted for primary data in order to ensure that the data collected from the participants reflects the true conditions of the households within the

Mbombela municipality in terms of their socio-economic status, and that the data can be used to make decisions.

3.7 Data Collection Method

This study is quantitative, meaning that the researcher had to come up with a data collection technique that will be used to collect the kind of information required for this study. Subsequently, the researcher in this study employed the Likert scale questionnaire to collect data (see **annexure A**) from the SMEs participants. The questions were translated to SiSwati (See **annexure B**) as it is the language spoken by many of the people in the area to ensure better understanding. This data collection technique allowed the researcher to ask a number of questions and reach the large number of selected participants of SMEs in all the chosen study areas within the Mbombela municipality. The Likert scale questionnaire consisted of a set of questions scaling the satisfaction of the participants, ranging from one extreme attitude to another (poor to Excellent) with the codes where 1 equals poor, 2 equals Average, 3 equals Good, 4 equals very good and 5 equals Excellent. This technique proved to be suitable for this study because it allowed the researcher to collect the data in numbers, while covering the large sample size that was needed for the study. The Likert scale questionnaire and the large sample size helped the researcher with quantifying the subjective responses of the participants, which helped enhance the reliability and validity of measurements. Most importantly, through the combination of the different responses from the individuals, the researcher was able to understand the most important aspects (SMEs and Socio-economic wellbeing) in question.

Likert scale questionnaire

The researcher prepared a set of questionnaires, which were separated into three sections (section A, B and C). The first section is basically the demographic variable, and has about 8 questions which were asked to the participants in the study. This section helped the researcher gather demographic data of the participants. The researcher collected this data for the purpose of understanding the characteristics of the population, which helped with understanding of their social, economic and housing characteristics. Collecting the demographic data was necessary to help the researcher be able to generalize the findings and be able to make comparisons taking from the different characters of the participants using their responses.

The second section of the Likert scale questionnaire focused on questions that provided the socio-economic index of the participants. Hence, it was separated into domains, the human capital and the financial resource. The reason for these questions was to probe information from the participants in the study about their socio-economic status, using the human capital and the financial resource as pillars of the Sustainable Livelihood Approach (SLA). Moreover, the last section which is section c, consisted of questions about SME dynamics of the participants. The section focused on job creation, income, access to funding, access to goods and services and education as the SME dynamics in this study. The questions were meant to understand mostly the accessibility of these dynamics by the participants by scaling their satisfaction.

The Likert scale questionnaire did not target a certain sex, both males and females took part in the study as the target population. However, both the males and females were expected to be at least 18 years and over. The age limit was necessary, the information needed was from people who partake in SMEs. The researcher assumed that people younger than 18 years of age don't have much experience and may not give the relevant information. For example, question on credit score and job opportunities aren't appropriate questions to ask to someone younger than 18. This also helped the researcher make sure that correct information is gathered. The researcher prepared the questions before going to the field, this was meant to make sure that each and every participant was asked similar questions, and not change the way in which the questions were asked. This also made sure that the questions asked to the participants led to addressing the objectives of the study. In essence, the researcher prepared the Likert scale questionnaire from the key objectives of the study.

Tanujaya, Prahmana and Mumu (2022) assert that Likert scale is a key assessment instrument in social sciences research. It is a well acknowledged tool for being easy and reliable as an approach for measuring and understanding responder perceptions. Moreover, many participants in research prefer this way of questioning as they find it more manageable and saves time compared to other data collection methods. It is easier to use by researchers as well because it makes it simpler to map respondents' choices into five clear decisions, ranging from strongly disagree to agree strongly. Likert scale helps with measuring the attitudes of people by asking the participants questions that they will have to indicate their satisfaction about a series of statement on a particular topic (Tanujaya, Prahmana and Mumu (2022).

3.8 Data Analysis

3.8.1 Correlation Analysis

In order to analyze the relationship between socio-economic index (SEI) and SME dynamics, the researcher employed the correlation analysis method. This method helped the researcher with assessing the strength and direction of the relationship between the two variables (SMEs and SEI). In this study, the socio-economic index is the dependent variable and the SME dynamics are the independent variables. Thus while analyzing, the researcher had to observe the correlation coefficient ranges between the variables. From the correlation coefficient, the researcher expected either a positive correlation, negative correlation or a correlation of zero meaning that there is no relationship between the variables. For the positive correlation, the researcher expected correlation coefficient of 1, which would mean that as one variable increases, the other variable also increases. On the other hand, for the negative correlation, a -1 correlation coefficient means that as one variable increases, the other variable goes down/decreases (Geeksforgeeks, 2024). Hence the Pearson Correlation Coefficient.

Formula for Pearson Correlation Coefficient

The formula to find the Pearson correlation coefficient, denoted as *r*, for a sample of data is:

$$r_{xy} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum(x_i - \bar{x})^2 \sum(y_i - \bar{y})^2}}$$

Where:

r ranges from -1 to 1.

- r = 1: Perfect positive linear correlation
- r = -1: Perfect negative linear correlation
- r = 0: No linear correlation

Therefore, the modified formula where we let:

- x_i be equal to SME dynamics of household with i being a composite index of job creation, incoming, access to funding
- Y_i be equal to socio-economic wellbeing of households with i being the composite of financial resource and human capital.
- $\overline{x}$ be SME dynamics score
- $\overline{y}$ be Socio-economic Wellbeing Score

is formulated as follows:

$$r_{SME,\,SEW} = \frac{\sum(SME_i - \overline{SME})(SEW_i - \overline{SEW})}{\sqrt{\sum(SME_i - \overline{SME})^2 \sum(SEW_i - \overline{SEW})^2}}$$

Where:

- SME_i is the SME dynamics score for the household
- SEW_i is the Socio-economic wellbeing score for the household
- $R_{SME,\, SEW}$ equals the correlation between SME dynamics

Assumptions

A correlation coefficient is a single value that explains the nexus between two variables/predictors that being observed. Two methods can be used to calculate the value: Karl Pearson's product moment correlation coefficient r which is also known as 'Karl Pearson's correlation coefficient and the Spearman's rank correlation coefficient rho (ρ). However, this study adopted the Pearson correlation coefficient in order to explain the relationship between the SME dynamics and the Socio-economic predictors under the three assumptions.

- The first assumption is that; the relationship is linear
- The variables are independent of one another
- Variables are normally distributed

Justification of Analytic Technique

In order to explore the degree to which variables in a study relate to one another, the correlation analysis is employed. This analytic technique is especially adopted in social science research to establish the closeness of the variables to one another, which is what this study seeks to explore. The technique is useful in exploring the associative relationship between the independent and dependent variables in a study, which in this study is the SME dynamics and the socio-economic variables.

3.8.2 Multinomial Analysis

The researcher employed the multinomial analysis for the second objective of the study. The second objective of this study sought to assess the extent which SMEs dynamics influence Socio-Economic Wellbeing of Households [Financial Resource/Human Capital]. In statistics, multinomial logistic regression is a classification method that generalizes logistic regression to multiclass problems, i.e. with more than two possible discrete outcomes. That is, it is a model that is used to predict the probabilities of the different possible outcomes of a categorically distributed dependent variable, given a set of independent variables (which may be real-valued, binary-valued, categorical-valued, etc.) Multinomial logistic regression is known by a variety of other names, including polytomous LR.

The study considered a specific sample size and the sample size was influenced by the SEDA Database which has approximately 5 000 SMMEs that are registered. Hence, the researcher used the Database to determine the sample size, where SMEs participants were chosen. To determine the Sample Size, the researcher used the following step-by-step guide.

a) The researcher determined the Total Population
- The researcher considered the List Size (Z): The total number of people is 5 000 according to the Database

b) Decided the Confidence Level (Z)
- This step is for representation of the sample and how it reflects the true population and the assurance and confidence levels in the Sample Size. Where; 90%; Z= 1.645, 95%: Z = 1.96 [This is the preferred Confidence Level] and 99%: Z = 2.576.

c) Margin of Error (E)

- The margin of error shows the figure of error that is accepted which 5% margin of error, where E= 0.05.

d) Estimate the Population Proportion (P)

- This presents the expected proportion of the population with a precise characteristic. In cases where it is unknown, the population proportion is assumed to be p=0.5p. This allows the largest sample size, which in this study it is assumed to be unknown.

e) Sample Size Formula

- this step is for finite populations which applies when the population size is known: where N= Population size, Z = Z-value (based on confidence level), p = Estimated proportion of the population and E = Margin of error

Notes:

- After doing the calculation, the sample size is adjusted based practical factors such as the access to budget, time or how accessible the needed participants are.
- Considering the population size of 5 000 from the SEDA Database, the ideal sample size based on the researcher's calculations is 357. However, the researcher targeted at least 250 participants which may allow a 5% slightly higher margin of error which is acceptable for many studies.
- For confidence level, the 250 sample size gives a confidence level of 95% with a margin of error of about 5%. With the final sample size of 250, the anticipated margin of error was 6% to 7% which is also still acceptable, and this information is supported by Hunter (2017) who puts forward that considering margin error allows the use of a smaller sample size when collecting data even though larger sample sizes yield more accurate results (Hunter, 2017).

Method of Analysis

The study utilized the multinomial logistic regression which is a kind statistical method employed in prediction of the probability of different outcomes with more than two possible results. It is an extension of the systematic logistic regression that is normally used when a case could result in just two possible outcomes. The method is meant to estimate the chances of different possible categories centered around various factors such as numbers, yes or no values and other categories. Method is also known as polytomous logistic regression.

The multinomial logistic regression which in short is normally called the multinomial regression comes in handy when the outcome being predicted has more than two possible categories that are not ranked or ordered. The method can be used with both categorical (which is group based) and can be used with continuous (numeric) input variables. The method is appropriate in situations where the outcome is a category without order, for example, having to choose between varieties of fruits where the options are neither “worse” or “better” yet there is a variety of options to pick from. The model considers the set of input variables in order to predict the possibility of each outcome through combining the inputs and some problem-specific parameters.

Multinomial Logistic Equation Model

$$\begin{aligned}\frac{\partial}{\partial\theta_{y'}^{(j)}}\ell(\theta) &= \frac{\partial}{\partial\theta_{y'}^{(j)}}\sum_{n=1}^{N}\left[\theta_{y_n}^{\mathrm{T}}\mathbf{x}_n - \log\sum_{c=1}^{C}\exp(\theta_c^{\mathrm{T}}\mathbf{x}_n)\right] \\ &= \sum_{n=1}^{N}\left[[y_n = y']x_n^{(j)} - p(y'|\mathbf{x}_n)x_n^{(j)}\right]\end{aligned} \qquad \text{………… 3.1}$$

Thus, taking the natural logarithm of the odds allows the variable to be more appropriate for regression analysis. Hence a result of the multiple logistic regression looks like this: ln[Y1−Y] =a+b1X1+b2X2+b3X3+..3.2

Where the dependent variables (Y) are Financial Resource and Human Capital, and independent variables (X) being SME dynamics (Job Creation, Income or profit, access to funding, access to goods and services). From these variables, the expected relationship among them is positive drawing from literature that suggests that SMEs lay a huge role in employment consequently contributing to income and overall household welfare.

Assumptions

The model assumes that the data has each case with specific values for every independent variable. Even though it may be expected that the variables may not be too strongly related to each other, it is difficult to figure out the individual effects from the multiple variables if they are highly related.

Unlike other types of regression such as the naïve Bayes, the independent variables are not subjected to being completely independent from one another.

When the multinomial logistic regression is employed to model choices, it relies on the assumption of independence of irrelevant alternatives (IIA) which is not always favorable. This means that the likelihood of choosing a certain option over another does not change because of the presence or absence of an “irrelevant” alternative. For example, if one has to make a decision between taking a bus or a car to school, having a bicycle s an option should not change the likelihood of one choosing a bus or a car. The model sees the choice of numerous options as a series of just minor, two-option decisions and compares one options to a “pivot” option at a time. Even so, the IIA assumption is not always in tune with the real world behaviour. Many studies on psychology have proven that people do not often obey this rule. For example, if the options are between a blue bus, a red bus and a car, the probability of choosing a between a red bus and a car might initially be (1:1). However, if the blue bus is added into the mix, people might see the blue busy as a substitute for the blue bus. Therefore, the possibilities of choosing between the blue bus, a red bus and a car could alter, which proves that the addition of the blue bus is relevant as it affects the choices between the bus and a car.

If the multinomial logit is used to model choices, it relies on the assumption of independence of irrelevant alternatives (IIA), which is not always desirable. This assumption states that the odds of selecting one class over another does not depend on the existence or absence of other "irrelevant" alternatives. For example, the relative probabilities of using a car or a bus to work do not change if a bicycle is added as an additional possibility/option. This allows the choice of K alternatives to be modelled as a set of K-1 independent binary choices, in which one alternative is chosen as a "pivot" and the other K-1 matched against it, one at a time. The IIA hypothesis is an important hypothesis in rational choice theory; although different studies in psychology put forward that individuals often do not follow this assumption when making a decision (Baltas and Doyle, 2001).

According to Senthilnathan (2019) The multinomial logistic model assumes that data are case-specific; that is, each independent variable has a single value for each case. As with other types of regression, there is no need for the independent variables to be statistically independent from each other; however, collinearity is assumed to be relatively low, as it becomes difficult to differentiate between the impact of several variables if this is not the case. If the multinomial logit is used to model choices, it relies on the assumption of independence of irrelevant alternatives (IIA), which is not always desirable. This assumption states that the odds of preferring one class over another do not depend on the presence or absence of other "irrelevant" alternatives (Senthilnathan, 2019).

Thus, Senthilnathan (2019) puts forward that, it is only appropriate to use multinomial logistic regression when the data "passes" six assumptions that are required for multinomial logistic regression to give a valid result. Violation of the assumptions are not uncommon when working with real-world data. The first assumption submits that; The dependent variable should be measured at the nominal level. The second assumption submits that; There must be one or more independent variables that are continuous, ordinal, or nominal and that does not exclude dichotomous variables. However, ordinal independent variables must be treated as being either continuous or categorical. They cannot be treated as ordinal variables when running a multinomial logistic regression. The third assumption submits that; There should be independence of observations and the dependent variable should have mutually exclusive and exhaustive categories. The fourth assumption is that; There should be not multicollinearity. Multicollinearity happens when there are two or more independent variables that are highly correlated with each other. This consequently results to problems with understanding which variable contributes to the explanation of the dependent variable and technical issues in calculating a multinomial logistic regression. Determining whether there is multicollinearity is an important step in multinomial logistic regression. The fifth assumption submits that; There needs to be a linear relationship between any continuous independent variables and the logit transformation of the dependent variable. Lastly, the sixth assumption is that; There should be no outliers, high leverage values or highly influential points.

Justification of analytical technique

The study focuses on SME dynamics and socio-economic wellbeing where the second objective of the study seeks to assess how the SME dynamics affect the socio-economic wellbeing of households, mainly focusing on the financial resource and human capital. The multinomial logistic regression analysis is the most appropriate to achieve the goal as it allows the analysis of how the various dynamics influence the different categories of socio-economic wellbeing. The method also allows the researcher to have a clear understanding of the SME dynamics influence on the general financial and human capital status of the people.

Frost (2024) concurs and added that the multinomial logistic regression is appropriate in situations where a nominal dependent variable has to be predicted based on one or more independent variables. The model extends binomial logistic regression by taking care of situations where the dependent variable consists of more than two groups. Just like other types of regression, the multinomial logistic regression can consider both the nominal and the continuous independent variables and can integrate relations between the variables so that the dependent variable can be predicted. Principally, the model comes in handy when factors that influence a categorical outcome is being evaluated.

To further evaluate the overall fit of the model and explanatory power, the researcher considered the Likelihood Ratio Test (LRT) to compare the fitted model against the null model. Moreover, the researcher presented the Pseudo R-Square measures to assess the difference in variance of the independent variables explained by the model. These tests were important to improve the robustness and interpretability of the regression results. In essence, the Likelihood Ratio Test helped the researcher test whether the full model is a significantly appropriate fit, while the Pseudo R-Square provided an approximate measure of how the independent variables give insight into the variation in the dependent variable.

3.9 Data Control and Management

The researcher applied the processes of data collection from the participants. In order to ensure that the data collected address the research questions of the study, the researcher used data quality measures to analyze findings, possible errors, discover missing information, avoid repetition, and detect remaining outliers.

The researcher used validity in this study to check for the accuracy of the findings. To do so, the researcher made sure that the research method chosen is accurate, as it is what set out tone for this entire study. The research method used reflects the format, type and depth of data obtained in order to address the research questions of this study. This study is quantitative, hence the use of questionnaires to collect the needed data in order to address the research questions. To ensure validity, the researcher also considered question content. The researcher ensured that the questionnaires are unambiguous, straightforward and free of jargon. The researcher also made sure that they avoid being bias and leading participants on. The sample size of this study is quite large, this is because of its quantitative nature. In order to avoid narrow results that compromise the validity of the study, the researcher ensured that a large sample is covered.

The researcher also employed authenticity to make sure that the data collected from participants is authentic, the researcher considered credibility and reproducibility. Credibility focused on making sure that the methods, the data collected and the findings of the study are accurate in a way that the data is the representative of the sample chosen. Reproducibility basically means that the researcher had to give enough detail on the study and its methodology such that in the future, future researchers are able to yield the same results. To do so, the researcher was guided by using multiple sources for published literature, which basically serve as a base for the study. In that process, the researcher ensured that plagiarism is avoided to improve authenticity and originality of the study. The researcher also considered the POPI act during data collection, the researcher made sure that the participants were anonymous and their information was kept confidential, furthermore, the data collected was stored in a safe place where only the researcher has access. Hence the following ethical considerations.

3.10 Ethical Considerations

The researcher made sure to follow the University of Mpumalanga's research ethics policies and procedures in order to carry out this study (see **annexure F**). Before collecting data, the researcher wrote a letter of request to the Mbombela municipality to collect data (see **annexure E).** The researcher received the confirmation letter to conduct research from the municipality (see **annexure H).** Participation in this study was voluntary, and all the participant were given the opportunity to sign a consent form (see **annexure C**). The researcher explained about the consent to the participants using vernacular language (SiSwati) for their convenience (see **annexure D**). The researcher made it a priority to protect the participants from any potential physical or psychological harm. The researcher protected the subjects from any bodily or psychological harm, none of the participants experienced this during the study. Without causing any harm or danger, all participants were informed of the purpose of the data collected and the importance of their participation. That helped as it was done with enough care to avoid causing emotional or physical harm to the participants.

The researcher applied the principle of autonomy. Participants were made aware of their option to exercise their freedom of choice and action to decide whether to take part or not in the research. Participants were not forced or manipulated in any way to participate in the research. Based on the principle of justice, the researcher made it a point that participants in this study were treated equally, none of them were discriminated against either in the basis of gender, race, disability or other characteristics. The researcher further made sure that the true nature of the study is well known to the participants. Additionally, the researcher informed the participants that any information obtained from them during the data collection process was to be kept strictly confidential, and the researcher kept their word. They were also guaranteed that no information revealing their identities was to be included in the final report or study, which the researcher also kept the promise. The proposal together with the Likert scale questionnaire (see **annexure A and B for translated version of the questionnaire)** was submitted to the Ethics Committee for approval and ethical clearance (see **annexure F)** and was approved, the researcher received the Ethical Clearance Letter (see **annexure G).**

3.11 Summary of the Chapter

What is covered in this chapter is the most important part of the study which is the research design and methodology used to complete the study. Just to break it down, this chapter outlined the relevant methods chosen for this study and were successful in addressing questions and objectives of the research. Thus, they were able to give relevant results in order to address the research problem of this study. This chapter further covered the description of the study area (Mbombela municipality) where the study was conducted, as well as the target population and the sampling procedures that were used to select the target population. The required data, data collection methods and data analysis techniques were clearly shown in this study. Data was collected using the Likert scale questionnaire as the quantitative approach was followed in this study, thus quantitative data analysis tools were employed i.e. SPSS software and Logistic regression to carefully analyse the data. Consequently, the following chapter reveals the results collected through following the research processes that are outlined in this chapter.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Overview

This chapter entails the presentation of the data that was collected from the 5 towns within the Mbombela municipality as mentioned in the chapter 3 of this study. This municipality is quite large, and people engage in different activities for livelihoods. With that said, the objective of this study was to establish the nature of relationship between Socio-Economic Index and SME dynamics. Moreover, the study assesses the extent to which SME dynamics influences the socio-economic wellbeing of households. Therefore, this chapter then presents the findings of the study generated from the quantitative data that was collected from participants of SMEs using the Likert Scale questionnaire. Again, this quantitative data collection method helped the researcher collect a large quantity of data, covering all the targeted towns within the municipality. In essence, this chapter is about the presentation, analysis and interpretation of the insightful information drawn from the answered Likert scale questionnaires by the participants of SMEs.

4.2 Data Presentation and Interpretation for Objective 1

For the first objective, the Correlation Analysis Method was applied to analyze the relationship between socio-economic index and SME dynamics using the data that was recorded by the 226 sample of SMEs participants during data collection. Data on socio-economic indicators was collected, which was measured using human capital and financial resources (**see Annexure A and Annexure B** for translated version). Moreover, data on the SME dynamics which were measured using job creation, income, access to funding/credit, access to goods and services and education & skills was collected, which is also depicted in (**Annexure A** and **Annexure B).** Demographic data (age, gender, household size, education, employment status, work industry, monthly income and marital status) was also collected for the purpose of describing and characterizing the sample population of the study. This data helped with the understanding of the profile of the participants and further gave the background of the sample. The table below summarizes the statistics for each of the nominal variables.

Table 4.1. Statistics

		Gender	Education	Employment Status	Work Industry	Marital Status
N	Valid	226	226	226	226	226
	Missing	6	6	6	6	6
Std. Deviation		.502	.448	.945	1.365	1.880
Skewness		.468	-2.326	2.590	.017	.269
Std. Error of Skewness		.162	.162	.162	.162	.162
Range		2	3	4	4	4

Source: Author's computation from SPSS (2024)

The table above shows the responses for the 226 participants across the nominal variables which are gender, education, employment status, work industry and marital status. The table shows that 226 of the responses for each category were considered valid. However, 6 of the responses for each variable shows to be missing. The standard deviation on the tables varies significantly across the variables. For **gender,** the standard deviation is **0.502** which shows adequate variability in responses, **education** at 0,448 shows low variability which puts forward that the educational levels of the participants are similar. **Employment status** at **0.945** suggests that there is more variability among respondents' employment situations. The **work industry** at **1.365** shows that participants partake in various job sectors and quite a large diversity of industries is represented in the sample. Lastly, the **marital status** at **1.880** suggests that there is high variability in the marital statuses of the participants.

The skewness is used to measure the distribution of the data collected. **Gender** shows **a positive skew** which suggests that there is a potential imbalance in the gender of the participants. **Education** shows a significant **negative skew**, representing a lower educational achievement. The **strong positive skew** on **employment status** shows dominance in a particular employment status which is "employed", which is very accurate as the study targeted participants of SMEs. **Work industry** shows a **nearly proportioned skew**, which shows a balance across the participants' industries. The skew on **marital status** is **slightly positive**, which suggest that there is a predominance of one marital status. Overall, the above table gives critical insights into the demographic and employment characteristics and background of the participants. The skewness of the results helps to understand and get insights on the demographic variables of the households in order to address the research questions on social, economic and educational hurdles of the study. The result of the skewness shows the unequal distribution of the demographic variables among the households. Below are the frequency tables for gender, Education, Employment Status, work Industry and Marital status.

Frequency Tables

Table 4.2. Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	134	57.8	59.3	59.3
	Female	91	39.2	40.3	99.6
	Other	1	.4	.4	100.0
	Total	226	97.4	100.0	
Missing	System	6	2.6		
Total		232	100.0		

Source: Author's Computation from (2024)

The table above (**Table 4.2)** provides insight into the composition of the gender of the participants. The table shows that nearly **60%** of the participants identify as **males** and nearly **40%** as **female**. Precisely, the "Other" category only has a frequency of 0.4% which is a very low representation, suggesting that very few individuals are non-binary. Even though the category 'Other" has very low representation in the participants, it is still essential that it is acknowledged with its existence and the other various gender identities.

Table 4.3. Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No Education	1	.4	.4	.4
	Primary Education	1	.4	.4	.9
	Secondary Education	42	18.1	18.6	19.5
	Tertiary Education	182	78.4	80.5	100.0
	Total	226	97.4	100.0	
Missing	System	6	2.6		
Total		232	100.0		

Source: Author's Computation from (2024)

The frequency table for education above shows that 78.4% of the participants have reached tertiary education. This reflects the demographic characteristics like access to education of the participants, which is essential in the investigation of the socio-economic wellbeing of the people. Both categories; "No Education" and "Primary Education" have 0.4% which is only 1 respondent each which suggests that a limited number of the participants have limited basic education. Thus, Secondary Education with 18.1% is in the middle when it comes to education access. The table suggests that most of the participants have gone up to tertiary, however, there is a significant minority that has gone through secondary education but did not go to tertiary.

Table 4.4 Employment Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Full Time	197	84.9	87.2	87.2
	Part Time	6	2.6	2.7	89.8
	Self Employed	21	9.1	9.3	99.1
	Retired	2	.9	.9	100.0
	Total	226	97.4	100.0	
Missing	System	6	2.6		
Total		232	100.0		

Source: Author's Computation from SPSS (2024)

The table above (**Table 4.4.)** shows that 84.4% of the participants are employed full time, suggesting that there is a stable workforce within the participants. Only 2.6% of the respondents on the “part time” category, which suggests that majority of the participants hold full time positions. 9.1% of the participants are self-employed, while 0.9% of the participants is retired. The cumulative percent shown in the table shows that all valid employment categories are accounted for. This information is important to show the strength of the data for this study.

Table 4.5 Work Industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agriculture	61	26.3	27.0	27.0
	Manufacturing	39	16.8	17.3	44.2
	Computer & Technology	40	17.2	17.7	61.9
	Construction	65	28.0	28.8	90.7
	Other	21	9.1	9.3	100.0
	Total	226	97.4	100.0	
Missing	System	6	2.6		
Total		232	100.0		

Source: From Author’s Computation from SPSS (2024)

The frequency table for work industry shown above (**Table 4.5)** indicates that participants in the Agricultural and construction sectors are the most dominant participants in the study accounting for 26.3% and 28.0% respectively. This suggests that SMEs in the Agriculture and Construction sectors play an important role in the municipality’s economy as most participants are employed in within the sectors. The Manufacturing and Computer & Technology sectors account for 16.8% and 17.2% of the participants, which is a notable presence of the various industries. This information is important to portray the salient economic landscape of the sample of the study. Taking into consideration the various industries of the participants was essential as it gave the researcher a chance to explore and understand the factors affecting employment in this study.

Table 4.6. Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	108	46.6	47.8	47.8
	Divorced	19	8.2	8.4	56.2
	Separated	6	2.6	2.7	58.8
	Widowed	5	2.2	2.2	61.1
	Single	88	37.9	38.9	100.0
	Total	226	97.4	100.0	
Missing	System	6	2.6		
Total		232	100.0		

Source: From Author's Computation from SPSS (2024)

The frequency table for Marital Status above reveals that 46.6% of the participants are married, which is nearly half of the total number of respondents. 37.9% participants are single individuals. This information is important in exploring societal changes or economic factors of participants. The table further shows lower representation of divorced, separated and widowed participants which is 8.2%, 2.6% and 2.2% respectively. This shows that even though there is diversity in marital status, a lot of the participants are either married of single. Moreover, the lower percentage in divorced, separated and widowed participants suggests that there is a relatively stable marital environment.

In order to organize the data collected and paint a clear picture of the primary features of it, the researcher used the descriptive statics table. It is accurate for quantitative descriptions and allows the data to be manageable. Below is the Descriptive Statistics Analysis:

Table 4.7 Descriptive Statistics

	Mean	Std. Deviation	N
Job Creation Index	37.2965	5.32046	226
Income Index	31.3938	7.34603	226
Access to Credit Index	31.9292	6.72008	226
Quality Goods & Service Index	33.7566	6.13392	226
Education & Skills Index	39.7556	5.52493	225
Human Capital Index	37.2933	6.28087	225
Financial Resources Index	29.5619	7.10857	226

Source: From Author's Computation from SPSS (2024)

The average score of Job Creation with a mean of 37.3 and standard deviation of 5.32 observed from the 226 participants gives an idea of job accessibility or availability, which is important in this study to understand the role played by SMEs in the labour market. Literature suggest that many economies especially in emerging regions, see SMEs as the backbone. Thus, a positive view on job creation suggests that households are exposed to greater work possibilities, which fuels the overall household income and consequently socio-economic wellbeing.

The Income Index as observed from the table (**Table 4.7**), showing a mean of 31.4 suggests that the income levels are on the lower side especially when compared to job creation. This gives an idea of the financial comfortability of the households, as the table further shows lower average score it gives an idea of how the incomes levels are below what is expected. The higher standard deviation at 7.35 shows that there is greater variability in responses, some households receive a significantly higher/lower income. The lower income level suggest that those households may struggle with income generation, consequently affecting their quality of life. Authors such as Militaru and Stanila (2015) have reported that globalization has caused income inequality levels in developing countries to rise. Many countries in Europe are faced with the increase in income inequality and has a huge effect on the population. Countries such as Romania are exposed to income inequality which has resulted in the pressing social and economic challenges such as poverty. Romania has had a positive economic improvement, however there is still prevalent poverty and social exclusion which needs the intervention from the government, policy makers and the actual citizens affected (Militaru and Stamila, 2015).

Correspondingly, authors such as Arndt, Davies, Gabriel, Harris, Makrelov, Robinson, Levy, Simbanegavi, Van Seventer, and Anderson (2020) have reported that in South Africa, the government significantly steps in, in the total incomes for households with low incomes through government transfer payments to address income distribution. With the continued help from the government, these low income households are able to sustain their accessibility to food security which is essential, especially in households that were significantly affected by the coronavirus which left numerous households vulnerable to unfavorable conditions (Arndt, et.al, 2020).

The table also shows that the participants have a relatively low perception of access to credit, showing a mean of 31.93 and a standard deviation of 6.72. These values show that there is diversity among the experiences of the households when it comes to access to credit, there are those facing challenges and those that may have a better chance to access credit. Many households depend on credit to accumulate various assets such as cars and access other essential services. Access to credit is not only essential to SMEs in terms of determining their ability to expand and sustain operations but also informs the households'/participants' ability to access essential services. Analyzing this index is essential, especially for policy makers to identify the need for financial literacy programs and ways to strengthen access to financial services, with the ultimate goal to benefit both SMEs and households. Authors such as Serame (2019) concurs and reported that in South Africa, people who are interested in starting their own businesses have options to a variety of funding opportunities such as loan/credit and equity. Various programmes and schemes are also put in place in order to enhance the access of capital by emerging businesses.

Even so, literature shows that authors such as (Paile, 2013) have reported that even though having access to credit is beneficial, there are also households who are in debt because of credit consumption that is way above their income levels. The result of the indebtedness of the households especially with high interest rates could compromise the ability of the households to take care of their living expenses which could possibly lead to reduced living standards. Furthermore, it could affect consumer spending and cause decrease in economic activity as there is nexus between individual debt and economic activity (Paile, 2013).

Access to Quality Goods & Services index when compared to the Income and Access to Credit indices shows a higher mean of 33.76, which suggests that the participants have a favorable perception on their accessibility of quality goods and services. This index suggests that SMEs play a vital role in exposing households to diverse products and services. The higher mean score as shown in the table above, put forward that households are happy with the quality of goods they can access, which is essential for their overall wellbeing. Moreover, the satisfaction of the households may improve the loyalty of the households to the local SMEs, and then contribute to their development and sustainability. The standard deviation of 6.13 suggests that the access to quality goods and services by households moderately varies when the sample is observed. Acheampong (2023) reported that even other countries worldwide, have made it a point to put in place government systems that will be effective in the promotion of development by adopting the use of technologies such as clean fuels and overall use of quality goods and services.

Concurrently, literature shows that due to the new necessary development, 71% of the world's population which was about 5.3 billion people in 2017, had access to clean drinkable water, located within the premises and available when required. On the other hand, about 98% of the world population had access to at least one basic service which was an upgraded drinking-water source within a 30minute round trip (Ekuma 2020). On the other hand, Will, Van der Berg and Mpeta (2023) reported that in South Africa, households that qualify for social grant services by the government are more likely to be exposed to poverty regardless of the social assistance they receive. These households that are dependent on the social grant are more likely to be exposed to higher levels of hunger than those households who are non-grant receivers, Will, Van der Berg and Mpeta, 2023).

The Education and Skills index shows the highest mean of 39.76 when compared to all the other indices on the table, suggesting a positive attitude towards education and skills within the population. This is not only good for the households, but is necessary for the growth of SMEs. A higher satisfaction of the participants in the education and skills they possess means that they are a workforce that is capable of partaking in various industries. Possessing adequate education and skills can empower households to start their own SMEs, and it also makes them more competitive in the job market. Authors such as Manzoor, Wei and Sahito (2021) concurs and further added that the government must grow the SME sector, as it has the potential to create jobs, while also ensuring that the youth is receiving outstanding education and quality training in order to operate a more productive SME sector for the economy. Even so, Du Plessis and Mestry (2019) reported that there are still challenges in supplying proper education and dealing with other undesirable conditions especially in rural areas. The government and educational authorities struggles to provide the rural schools with the much needed human physical resources. As a result, this ends up being the parents' burden as they are expected to take care of the necessities such as stationary. On the other hand, it is no secret that, parents in rural South Africa typically work low-paid jobs, have a poor level of education, and place little emphasis on the importance of education (Du Plessis and Mestry, 2019).

The Human Capital Index is close to Job Creation in value, with a mean of 37.29 and a standard deviation of 6.28, this gives a moderately positive perception of the general available human capital. The positive perception measures the potential for socio-economic development through the workforce's capabilities. SMEs need a robust human capital basis in order to succeed, as it encourages innovation and productivity. Households investments on education and skill development helps in contributing to building a stronger inclusive economy, which in turn, promotes the development of SMEs and consequently the households' wellbeing which is highlighted by the literature in chapter 2 of this study. The literature highlighted that authors such as Korsakiene (2019) suggests that communities and individuals in rural areas have little capacity to participate effectively in socio-economic activities because they lack education and skills that are necessary which is concurrent with what was reported by Du Plessis and Mestry (2019) . Du Plessis and Mestry (2019) further added that governments' economic constraints in providing free basic education to all residents, as well as parents' poor socioeconomic level, are significant impediments to children advancing to good educational levels and enjoying a quality of life.

Financial Resource Index on the table has the lowest mean of 29.56 and standard deviation of 7.11, which indicates a perception of the participants that there is limited access to financial resources. The table shows a significant variability in the participants' responses, suggesting that some of them are financially secure and others are not. The low score on this index suggests that a lot of households have limited access to essential financial resources, impacting their ability to continuously access proper healthcare, and even business ventures. Therefore, there is a need to address this gap to foster a conducive environment for SMEs to thrive, and also for households to achieve economic stability. This observation is concurrent with the literature which highlighted that financial resource forms a central part in improving people's quality of life and overall development.

Every country across the globe aims to reach a point where the citizens and businesses in the country are operating, have access to funds which allow them to access goods and services, employment, assets and areable to make investments. In a nutshell, Brooks (2022) defined Financial resource as the investments and assets that finance an organization's activities and investment (Brooks, 2022). Van der Berg, Patel and Bridgman (2022) concurs and reported an observation that in South Africa during COVID-19, those households with financial resource hurdles were the most vulnerable to especially food insecurity. Which is why the government had to step in and provide social relief grants. Even so, with the increase in food prices, while there we households who could put food on their table, there were those that ran out of money resulting to child hunger (Van der Berg, Patel and Bridgman, 2022).

4.2.1 Correlations

The first objective seeks to explore the relationship between SME dynamics and Socio-economic wellbeing. Thus to do so, the correlation analysis was applied for the purpose of quantifying the strength and direction of the nexus between these variables. Below is the visual representation of the trends and patterns in the data provided, to give insights into the relationship that exist between the two variables. From the correlation tables, we take note of the Pearson Correlation as it measures the strength of relationships between variables. The correlation coefficient gives values to the strength and direction of the nexus between two variables with range of values from -1 to +1 as properly explained in chapter 3 of this study. The table further entails the significance level which shows that the correlation between variables is statistically significant. A p-value of less than (< 0.05) normally shows that there is significance between the variables.

Table 4.8 Correlation between Socio-Economic Index and SME dynamics

		Job Creation Index	Income Index	Access to Credit Index
Job Creation Index	Pearson Correlation	1	.497**	.510**
	Sig. (2-tailed)		<.001	<.001
	N	226	226	226
Income Index	Pearson Correlation	.497**	1	.676**
	Sig. (2-tailed)	<.001		<.001
	N	226	226	226
Access to Credit Index	Pearson Correlation	.510**	.676**	1
	Sig. (2-tailed)	<.001	<.001	
	N	226	226	226
Quality Goods & Service Index	Pearson Correlation	.607**	.712**	.763**
	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	226	226
Education & Skills Index	Pearson Correlation	.616**	.385**	.443**
	Sig. (2-tailed)	<.001	<.001	<.001
	N	225	225	225
Human Capital Index	Pearson Correlation	.591**	.604**	.598**
	Sig. (2-tailed)	<.001	<.001	<.001
	N	225	225	225
Financial Resources Index	Pearson Correlation	.506**	.764**	.633**
	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	226	226

Source: From Author's Computation from SPSS (2024)

The correlation table above (**Table 4.8)** gives insights into the relationships between the following indices: Job Creation, Income, Access to Credit, Quality Goods and Services, Education and Skills, Human Capital and Financial Resource. The table shows key correlation findings between Job Creation and Income, Job Creation and Access to Credit, and Income and Access to Credit.

Job Creation and **Income** shows a Pearson Correlation of **0.497** which suggests that there is a **moderate positive correlation** between job creation and income. In essence, as job creation strengthens, the level of income also increases. This indicates that the jobs created by SMEs have a positive influence on the income levels of the households. Authors such as Christiaensen and Maertens, (2022) have highlighted the importance of the linkages between employment, economic growth and poverty reduction on household wellbeing. The job Creation and Access to Credit Indices show a Pearson Correlation of **0.510** which shows that there is a positive correlation, the more jobs are created, the more people have better chances of accessing credit. For SMEs to strengthen and create more jobs, they need financing, which makes this relationship crucial for also boosting economic growth. Then **Income** and **Access to Credit** has a Pearson Correlation of **0.676** which is a very strong positive correlation that gives an idea that when the level of income of households increases, their access to credit significantly improves. From this analysis, it is safe to say that the households with increased income levels are more probably able to access credit i.e. qualify for loans, which can also support the local SMEs to contribute to economic activity and way of living. This observation drawn from the table is in line with the literature that highlights that the income generating projects helped with improving the standard of living of the communities through the income it provided (Ismail and Ainebyona, 2018). Moreover, Acheampong (2023) added that there is a need to improve accessibility to credit for households in order to encourage adoption of clean cooking technologies by positively influencing household income. Acheampong argues that offering credit to households allows them to start businesses (micro-enterprises), work towards fighting poverty, and help them build capital which is key in building financial stability (Acheampong, 2023). Christiaensen and Maertens, (2022) further added that income generating activities in the agricultural sector should adopt digital technologies and encourage innovations. That will consequently allow small business holders have access to agricultural advisory, insurance and credit as well as machinery services while improving the accessibility of output markets (Christiaensen and Maertens, 2022).

Correlation with Quality Goods and Services

The Quality Goods and Services index shows a strong correlation with Job Creation, Income, and Access to Credit with Correlation Pearson of **0.607**, **0.712** and **0.763** respectively. Households having access to better quality goods and services are equipped with jobs paying higher income levels and are able to access credit. This means that SMEs play a huge role not just with creation of jobs, but contributes to the income of households as well. Which consequently, helps the individuals access credit which in turn; improves their ability to access decent quality goods, addressing the social and economic challenges faced by a lot of people. Authors such as Masuku (2018) have noted that there is still forever increasing unemployment rates in South Africa that contributes to the decrease in average income of households in South Africa, which consequently affects food expenditure by households on goods and services. Many rural households are reliant on wage income, which makes them food insecure because they cannot obtain a sustainable supply of healthy food as they have limited purchasing power in both formal and informal food markets. This take is supported by Prasanna et.al (2019) who reported that The economy is the major indicator of benefits and improved SMEs performance, depicting improved industrial income, unemployment reduction, increase in export growth and productivity improvement of both goods and services (Prasanna et.al, 2019).

Correlation with Education and Skills

Education and **skills** index shows a **moderate to strong correlations** with **Job Creation, Income** and **Access to Credit** indices with Pearson Correlations of **0.616**, **0.385** and **0.443** respectively. This correlation suggests that investments on education and improving skills has better chance to improve access to jobs, improved income and consequently access to credit, even though there is a weaker correlation with the income index. This is simply because having education and skills does not ultimately guarantee a good paying job. This suggests that, even if having education and possessing skills may increase your chances of getting a job, the level of income may be depended on other factors i.e. the quality and level of job accessible. However, authors such as Du Plessis and Mestry (2019) have put an emphasis on the need to access improved education and healthcare facilities. Any country may benefit significantly from investing on education and healthcare facilities as it comes with enormous social and economic advantages. A country's development is governed by the level and expansion of its human resources, to which education and improved health investments contribute significantly (Du Plessis and Mestry, 2019). Manzoor, Wei and Sahito (2021) concurs and further added that the government must grow the SME sector, which has the potential to create jobs, while also ensuring that the youth is receiving outstanding education and quality training in order to operate a more productive SME sector for the economy (Manzoor, Wei and Sahito, 2021).

Correlation with Human Capital

The table shows a **strong positive correlation** with **Job Creation, Income and Access to Credit** with a Pearson Correlation of **0.591**, **0.604** and **0.598**. From this observation, what can be drawn is that households that possess a strong human capital base are more likely to access and creation job opportunities, which basically highlights the prominence of efforts in education and skill expansion investments. This is not only essential for the improvement of the quality of life of the households, but also may enhance the growth ad sustainability of SMEs. This observation is supported by authors such as Ruggeri and Yu (2023) who put forward that human capital is increasingly becoming the primary motivator of productivity and economic growth. A country's productivity must increase in order to grow and expand per capita output and consumption (innovations and business opportunities), thereby improving the way the people lead their lives (Ruggeri and Yu, 2023). In support to this, Msomi and Kandolo (2023) reported that there is a need for people to be knowledgeable and aware especially of the digital platform that is fundamental in the moderation of costs and productivity development of SMEs, therefore SME dynamics (Msomi and Kandolo, 2023).

Correlation with Financial Resources

Financial Resources index shows a positive strong correlation with Job Creation, Income and Access to Credit with a Pearson Correlation of **0.506**, **0.764** and **0.633**, respectively. This positive strong relationship means that there is a need for financial resources in order to improve income. Moreover, the positive correlation with job creation, suggests that households with jobs have a higher chance of achieving financial stability. Furthermore, gives insight on the importance of having financial stability to contribute to the growth of SMEs. Overall, various authors such as Brooks (2022) have put forward that Financial resource forms a central part in improving people’s quality of life and overall development. Every country across the globe aims to reach a point where the citizens and businesses in the country are operating, have access to funds which allow them to access goods and services, employment, assets and be able to make investments.

In essence, the correlation table above (**Table 4.8)** highlights important relationships between the socio-economic indices and SME dynamics. The positive correlation put forward that the improvement in job creation income level, access to credit, and the quality of goods accessible to households, are interrelated aspects that contribute households' overall socio-economic wellbeing. This analysis shows that it is imperative for policies aimed at improving the growth of SMEs and addressing financial resources accessibility to be encouraged, in order to contribute to the progress of socio-economic conditions for the households.

Table 4.9 Correlation between Socio-Economic Indices and SME Dynamics

		Quality Goods & Service Index	Education & Skills Index	Human Capital Index
Job Creation Index	Pearson Correlation	.607**	.616**	.591**
	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	225	225
Income Index	Pearson Correlation	.712**	.385**	.604**
	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	225	225
Access to Credit Index	Pearson Correlation	.763**	.443**	.598**
	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	225	225
Quality Goods & Services Index	Pearson Correlation	1	.513**	.647**
	Sig. (2-tailed)		<.001	<.001
	N	226	225	225
Education & Skills Index	Pearson Correlation	.513**	1	.510**
	Sig. (2-tailed)	<.001		<.001
	N	225	225	224
Human Capital Index	Pearson Correlation	.647**	.510**	1
	Sig. (2-tailed)	<.001	<.001	
	N	225	224	225
Financial Resources Index	Pearson Correlation	.652**	.371**	.673**
	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	225	225

Source: From Author's Computation from SPSS (2024)

The table above (**Table 4.9)** further shows the correlation between Socio-economic indices and SME dynamics. The table shows the key correlation insights for job creation against quality goods and services, education and skills and human capital. The table further presents the relationship between income and the quality goods and services accessible to the participants, education and skills they possess. Lastly, presents the relationship between access to credit against quality goods and services, education and skills, as well as human capital. Therefore, **Job creation** against **quality goods and services** shows Pearson Correlation of **0.607**, which basically means that there is a strong positive relationship between the two variables. An increase in job creation causes an improvement in the quality of goods and services accessible to the households. This is concurrent with the report by Endris and Kassegn (2022) who puts an emphasis on the important role that entrepreneurship play on sustainable development through generating employment, encouraging economic growth and innovation, influencing social wellbeing as well as dealing with the prevalent social and environmental challenges. Therefore, there is a need to invest in entrepreneurial adventures to make a huge impact on economic improvement and job creation, through offering income that encourages the living standards of people and improve the quality of goods and services consumed by the people (Endris and Kassegn, 2022).

Job creation against **education and skills** shows a Pearson Correlation of **0.616**, which is a strong correlation that signifies that there is a link between job creation and the education and skills possessed by the participants. Having higher educational level enhances the chances of the individuals being part of the workforce. Moreover, **job creation** against **human capital** also shows a **strong correlation** with a Pearson Correlation of **0.591** that suggests that human capital can inform the type of job one can participate in, which is basically the overall capabilities of the workforce. Thus, to create an environment conducive for job creation, people need to possess a certain level of education and skills. Meaning, there is a need to invest in human capital to maintain job growth and, literature supports this take as authors such as Msomi and Kandolo (2023) and Ruggeri and Yu (2023) also put an emphasis on the importance of human capital which is detailed in the chapter 3 of this study.

The table also show an analysis for **income** index against **quality goods and services**, which has a Pearson Correlation of **0.712**. This shows a **strong positive relationship** that suggest that households with **higher income** levels are associated with having access to **quality goods and services**. SMEs allow households to earn an income, those with higher level of income tend to reach financial stability and it improves their ability to access quality goods and services.

Therefore, we can say that SMEs have a positive impact on the welfare of households. **Income** index against **education and skills** show a Pearson Correlation of **0.385**, which is a moderate correlation that suggests that the level of education and skills possessed by the individuals has some influence on income levels. Even though education and skills are important and have an effect on the type of job you can access and thus the level of income, there is a need to consider other factors such as job availability and market conditions. Lastly, the analysis on **income** index and **human capital** shows a correlation of **0.604** which is a very strong correlation that suggests that households with individuals that possess higher human capital have higher income. This observation supports the idea that educated and competent workforce is more needed in order to fuel income generation and consequently economic development. Tsatsenko (2020) concurs and puts forward that the SME sector plays a huge role in the economy of any country, hence they are seen as "the backbone of the economy". SMEs stimulate innovations, job creation and can be seen as the key engine of employment which contributes immensely in economic development and thus improvement of well-being of communities.

The table also shows the findings for **access to credit** against **quality goods and services**. The relationship between the two indices shows a Pearson Correlation of **0.763**, which is a **very strong positive relationship**. This correlation suggests that those households with access to credit have a better chance at accessing quality goods and services as well. Thus, it is safe to say that SMEs that have access to financing i.e. funding are able to invest in quality improvements. Consequently, people who have income and can access financing have a higher chance of getting quality goods and services. Amoah and Amoah (2018) put forward that SMEs in the African continent account for approximately 90% of combined enterprises and are located in most country side and urban areas throughout the sub-region. For instance, when we look at South Africa, SMEs account for approximately 84% of private sector employment. Also, looking at Kenya, the sector contributes considerably to the macroeconomic expansion of the economy by civilizing the source of revenue of people through the creation of job opportunities, preparation of entrepreneurs through training, creating income, and civilizing the overall living standards of the majority of the country's households with limited income (Amoah and Amoah, 2018).

The analysis also shows that there is a **moderate correlation** between **access to credit and education and skills**. The Pearson Correlation of **0.443** suggests that there is a link between access to credit and educational levels and skills of the households. Participants who possess higher education and skills have a better chance on accessing finance and this is because SMEs provide job opportunities that allow them to earn an income and make a living. Literature concurs and submits that SMEs can be viewed as boosters of the economy of any country, because of their significant importance to all economies as they provide employment which leads to generation of wealth. This means that they act as a catalyst and are a power engine for total revenues of countries. SMEs have also been found to produce and encourage innovative entrepreneurial thinking, which contribute to economic growth. This implies that in order to keep and encourage competitiveness, SMEs need to be greatly innovative (Fubah and Moos, 2022).

On the other hand, **access to credit and human capital** appear to have a **strong correlation**, showing a Pearson Correlation of **0.598**. This correlation suggests that there is link between access to credit and human capital. Moreover, participants with improved human capital have a higher chance of getting jobs and engaging in SMEs, consequently, they are able to secure financial resources. Authors such as Bhandari (2023) have reported that human capital is what allows individuals or families to pursue various livelihood strategies in order to meet their needs and wants in life. These include the quality and quantity of available labour, skills that the individuals possess, their knowledge, as well as their health (Bhandari, 2023).

Correlation with Quality Goods and Services

The table also shows the correlation of quality of goods and services index with education and skills and human capital. There is **moderate positive correlation** between **quality of goods** and **services and education and skills**. The table shows a Pearson Correlation if **0.513** which indicates that strengthening education and skills results may influence the quality of goods and services the individuals may have access to. Then the correlation with quality of **goods and services and human capital** shows a Pearson Correlation of **0.647** which is a **strong relationship** that suggests that households with higher human capital have better access to goods and services. This is because human capital provides the participants with income that improves their affordability. Having improved human capital does not only benefit the households, but also contributes to the quality of deliverables by SMEs for the consumers. This is evident in the report by Yang, et.al (2022) who put forward that public health services play an important role in boosting health human capital accumulation, enhancing individual feasible capacity, and decreasing family poverty. The enhancement of public health services contributes to the reduction of family relative poverty. Individual feasibility ability is directly affected by public health services, which can boost individual self-anti-poverty capacity (Yang et.al, 2022).

Correlation with Financial Resources

The analysis shows a **0.652** Correlation Pearson between **financial resources** and **quality of goods and services**. This **strong relationship** suggests that households with greater financial resources are more likely to access quality goods and services. This means that individuals who have financial resources can afford to get themselves improved quality goods and services. Serame (2019) concurs and added that the government funders are more interested in tackling of social issues, such as the prevalent poverty and high unemployment faced by mostly rural households. This basically means that households' individuals who are interested in starting businesses that addresses the needs of the people have a higher chance of accessing funding (financial resource) from the government. For example, the government is most likely to finance agricultural businesses as they improve individual's access to healthy nutritious foods while also creating job opportunities. Moreover, **financial resources** have a moderate correlation of **0.371** with **education and skills**. This means that households' financial resources have an influence on the accessible educational level and skills. For example, financial resources allow individuals to pursue their studies further. Lastly, the table shows a **strong positive correlation** between financial resource and human capital with a **Pearson Correlation** of **0.673**. This correlation suggests that higher human capital yield improved financial resources. Human capital encourages workforce capabilities, which is essential to improve financial support. Authors such as Sultan, et.al (n.d) concur and added that human capital skills are embodied in human capital that enhances and improve knowledge, skills, and competency to bring about motivation and commitment. So, in order to improve skills, both direct and indirect training are recommended to achieve the anticipated productivity. In a sense, through training, SMEs can also emphasize the acquisition of determination and human potential growth of the participants. The ability to innovate is a key enabler for SMEs, promoting product innovation and competitiveness. Moreover, to promote economic growth in developing economies, all employees must be upskilled

Overall, the correlation analysis table gives insights into the relationships that exist among the different socio-economic indices and SME dynamics. From the table, the strongest positive relationships observed are between job creation, income, access to credit and the indices measuring education and skills, and human capital highlights the interconnectedness of these variables. Overall, the literature presented in the chapter 2 of this study submits that SMEs play a huge role in the economic progression of South Africa, however, their success depends on the entrepreneurial capital of the people. On the other hand, the empirical literature provided insights into how financial resources and human capital such as access to funding and being skilled can contribute to the growth percentage of SMEs, especially those in the technology sector. The empirical literature provided data on how countries like South Africa used government support to contribute to the growth of SMEs through provision of financial support and policies put in place.

Table 4.9 Correlation between Socio-Economic Indices and SME Dynamics

		Quality Goods & Service Index	Education & Skills Index	Human Capital Index
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	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	225	225
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	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	225	225
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	Sig. (2-tailed)	<.001	<.001	<.001
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Quality Goods & Services Index	Pearson Correlation	1	.513**	.647**
	Sig. (2-tailed)		<.001	<.001
	N	226	225	225
Education & Skills Index	Pearson Correlation	.513**	1	.510**
	Sig. (2-tailed)	<.001		<.001
	N	225	225	224
Human Capital Index	Pearson Correlation	.647**	.510**	1
	Sig. (2-tailed)	<.001	<.001	
	N	225	224	225
Financial Resources Index	Pearson Correlation	.652**	.371**	.673**

	Sig. (2-tailed)	<.001	<.001	<.001
	N	226	225	225

Source: From Author's Computation from SPSS (2024)

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

The above table further examines the relationships between Financial Resources Index and SME dynamics. The Correlation Pearson between **financial resource** and **job creation** is **0.506**, which suggests that there is a moderate positive relationship between financial resource and job creation. What this means is that households who have access to job opportunities are more likely to access financial resource. In addition, SMEs that have access to financial resources have a better chance of succeeding because it allows them to develop their operations and create more employment. Thus, an increase in financial resource results to an increase in job creation. Authors such as Msomi and Olarewaju (2021) have reported that in countries such as South Africa, SMEs have been trying to deal with challenges such as access to finance and markets by holding conferences and discussions meant to improve the financial stability of SMEs and formally acknowledging the role they play in economy. SMEs are seen as important in the national economy as they create job opportunities and significantly contribute to the GDP of the country. In order to attempt to address the unemployment and poverty that is prevalent in the country, there is a need to create a supportive and allowing environment that will encourage growth and sustainability of SMEs, thereby improving employment opportunities (Msomi and Olarewaju, 2021).

Financial resource and **income** show a Pearson Correlation of **0.764** which is quite a **strong positive correlation**. This relationship shows that there is a link between financial resource and income, and financial resource is significantly associated with higher households' level of income. This observation highlights the need for financially stable households, as well as SMEs. Financially stable SMEs are able to operate and create more job opportunities, which allows the SME participants to earn an income and invest in education, health, and other important services that will improve their socio-economic wellbeing. **Financial Resource** against **access to credit** shows a Pearson Correlation of **0.633** which is a **strong positive correlation** that shows that households who have access to financial resource are interconnected to access to credit. In essence, households that possess greater financial resources have a greater chance to qualify for loans and other financial assistance for their personal development. This also means that SMEs that have access to great financial resource are also able to secure loans and financial assistance, which allows them to explore further investment in business growth.

The analysis between **financial resource** and **quality goods and services** also shows quite a strong positive relationship with a Pearson Correlation of **0.652**. This suggests that an increase in access to financial resource, results to an increase in the quality goods and services accessible to households. In essence, financially stable households are more likely to afford quality goods and services to improve their quality of life. In addition, SMEs with access to financial resource are more likely to deliver quality product and service, which is good for consumers and economic growth. On the other hand, **financial resource** and **education and skill**s share **a moderate relationship**, with a Pearson Correlation of **0.371**. This suggests that there is some relation between financial resource and education and skills. Having access to improved financial resource can influence access to educational opportunities. However, from the observation of the table above, this relationship is the weakest compared to the other indices, and that shows that there may be other factors that contribute to educational attainment. **Financial resource** shows a **very strong relationship** with **human capital** with a Correlation Pearson of **0.673.** This correlation suggests that households with better financial resource are more likely to have improved capital levels. Therefore, it indicates that there is a need for investing in human capital i.e. training, education as authors such as Ruggeri and Yu, (2023) and Msomi and Kandolo (2023) have highlighted in the chapter 3 of this study. Both Msomi and Kandolo (2023) and Ruggeri and Yu (2023) put forward that there is a need for people to be knowledgeable and aware especially of the digital platform that is fundamental in the moderation of costs and productivity development of SMEs, therefore SME dynamics.

Overall, the table presented some key important positive relationships between the financial resource index and the different indices such as income, access to credit, quality goods and services, as well as human capital. These relationships show that financial resource plays an important role in enhancing the socio-economic wellbeing of households through the influence it has on SME dynamics. Taking from this observation, there is a need to encourage initiatives meant to enhance the accessibility of financial resources for both SMEs and individuals. In addition, all the tables and the observation drawn from there, addresses the objective of the study which seeks to analyse the relationships between SME dynamics and socio-economic wellbeing of households.

The analysis proves that there is a strong positive relationship between the variables, and that SME dynamics do contribute to the socio-economic wellbeing of households.

4.3 Data Presentation and Interpretation for objective 2

The second objective of this study used the multinomial logistic regression method of analysis which is clearly explained in the chapter 3 of this study. The second objective seeks to assess the extent which SME dynamics [job creation, profit/income, access to funding, credit, as well as access to goods and services] influence Socio-Economic Wellbeing of Households [Financial Resource/Human Capital]. Below is the data presentation of the multinomial logistic regression analysis. The Case Processing Summary Table that sums up how the different indices are distributed into the “poor”, “average”, and “high” categories. This summary helps with understanding the socio-economic environment of the participants examined, especially giving insight in the context of the aim.

Nominal Regression

Warnings

There are 448 (66.7%) cells (i.e., dependent variable levels by subpopulations) with zero frequencies.

Table 4.11 Case Processing Summary

		N	Marginal Percentage
Human Capital Index (Binned)	Poor	88	39.3%
	Average	67	29.9%
	High	69	30.8%
Job Creation Index (Binned)	Poor	90	40.2%
	Average	66	29.5%
	High	68	30.4%
Income Index (Binned)	Poor	77	34.4%
	Average	75	33.5%
	High	72	32.1%
Access to Credit Index (Binned)	Poor	81	36.2%
	Average	70	31.3%

	High	73	32.6%
Quality Goods & Service Index (Binned)	Poor	77	34.4%
	Average	78	34.8%
	High	69	30.8%
Education & Skills Index (Binned)	Poor	75	33.5%
	Average	76	33.9%
	High	73	32.6%
Valid		224	100.0%
Missing		8	
Total		232	
Subpopulation		224[a]	

Source: Author's Computation from SPSS

a. The dependent variable has only one value observed in 224 (100.0%) subpopulations.

The table (**Table 4.11**) shows findings that about **40%** of the participants in the study fall into the **"poor"** category for **human capital**. This means that a significant number of the participants have limited essential skills and/or education. Thus, there is a need to encourage investing in human capital in order to SME performance, which will lead to creation of jobs and consequently income improvement for households. The table also shows a similar trend for **job creation**, over **40%** of the participants fall into the "**poor**" category for job creation. The analysis shows that there is still a need for SMEs to create more job opportunities. There is also a notable trend for **income**, which shows that approximately **one-third** of the participants in the study have "**poor**" income. This reflects the economic constraints that hinder the households from sustaining a healthy socio-economic wellbeing. Again, **over a third** of the participants fall under "**poor**" in the **access to credit index**. This reflects a significant barrier not just for households, but SMEs as well.

Having access to credit could influence households' affordability of quality goods and services, it could also influence SMEs growth and encourage overall socio-economic conditions. It is also notable that there is a portion of participants that have access to quality goods and services, as **one-third** of the population fall into the "**poo**r" category in the access to **quality goods and services**. This is a great challenge to both households and SMEs. Unaffordability/limited access to quality goods could lead to health risks, disrupts economic efficiency, limits consumer choice, affects productivity of SMEs, and overall, results to socio-economic inequality. Authors such as Yang, Zhou, Zhang, Luo, X., Luo Y. and Wang (2022) have put forward that to avoid health risks, there is a need for government-provided medical insurance which may also directly contribute to reduction of poverty, but may also lower the incidence of poverty in rural regions by raising farmers' per capita income, which has a significant influence on rural households. In essence, improved healthcare is a necessary and basic service for poverty alleviation, and the government should offer public money subsidies to assist in meeting poverty reduction. Again, about **one-third percentage** of the participants classify as having **lower educational level and skills**. This puts an emphasis on the need for interventions on educational and skills programmes to improve workforce capabilities. To further address the second objective of this study, the findings from the Model Fitting Information and Goodness-of-Fit presented below, were analyzed to examine the relationships between SME dynamics and socio-economic index.

Table 4.12. Model Fitting Information

	Model Fitting Criteria			**Likelihood Ratio Tests**		
Model	**AIC**	**BIC**	**-2 Log Likelihood**	**Chi-Square**	**df**	**Sig.**
Intercept Only	**492.671**	**499.494**	**488.671**			
Final	**392.058**	**487.584**	**336.058**	**152.613**	**26**	**<.001**

Source: From Author's Computation from SPSS (2024)

Table 4.13 Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	535.449	420	<.001
Deviance	336.058	420	.999

Source: From Author's Computation from SPSS (2024)

Table 4.14. Pseudo R-Square

Cox and Snell	.494
Nagelkerke	.557
McFadden	.312

Source: From Author's Computation from SPSS (2024)

Both the Model Fitting information and goodness-of-fit statistics play a huge role on understanding how well the model paints a picture of the nexus between socio-economic factors and the SME dynamics. The final model indicates a **significant decrease** in the **Akaike Information Criterion** (AIC), **Bayesian Information Criterion** (BIC) AND **-2 Log Likelihood** values when compared to the first model. This shows that as more variables were added to the model, its ability to interpret the data improved. The goodness-of-fit table (**Table 4.13**), looking at the Pearson Chi-Square test, suggests that there is a difference from what was expected and what is observed. This statistic deviation indicates that the model is still appropriate for the data. Then, the Pseudo R-Square values demonstrate how the model gives an explanation on a good portion of the variances in the outcome of the factors being studied. Overall, the observation shows that socio-economic factors indeed have an influence on SME dynamics.

To further establish the nature of the relationship between SME dynamics and socio-economic wellbeing, the Likelihood Ratio Tests table (**Table 4.15**) was generated and is shown below. The table demonstrate critical data about the likelihood ratio tests for a number of factors influencing socio-economic indices and the relationship they have with SME dynamics. This analysis is essential for the objective as it examines how the SME dynamics influence socio-economic wellbeing.

Table 4.15. Likelihood Ratio Tests

	Model Fitting Criteria		Likelihood Ratio Tests		
Effect	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df
Intercept	392.058	487.584	336.058[a]	.000	0
Age	392.499	481.202	340.499	4.441	2
Household Size	388.551	477.254	336.551	.493	2
Monthly Income	395.965	484.668	343.965	7.907	2
Job Creation Index (Binned)	392.063	473.942	344.063	8.005	4
Income Index (Binned)	391.475	473.355	343.475	7.417	4
Access to Credit Index (Binned)	384.935	466.815	336.935	.877	4
Quality Goods & Service Index (Binned)	396.616	478.496	348.616	12.558	4
Education & Skills Index (Binned)	385.618	467.497	337.618	1.559	4

Source: From Author's Computation from SPSS (2024)

The likelihood ratio tests in the table above paints a picture of the influence of SME dynamics on Socio-economic wellbeing. The Chi-Square values then helps with understanding the importance of the various indices (job creation, income, and quality goods and services), as well establishing the important factors that shape the performance of SMEs and consequently, the socio-economic wellbeing of households. These insights are important; they align closely with the objective of the study. Below is the Likelihood Ratio Tests table (**Table 4.16**) that seeks to assess the significance of each of the predictors.

Table 4.16. Likelihood Ratio Tests

Effect	Likelihood Ratio Tests Sig.
Intercept	.
Age	.109
Household Size	.781
Monthly Income	.019
Job Creation Index (Binned)	.091
Income Index (Binned)	.115
Access to Credit Index (Binned)	.928
Quality Goods & Service Index (Binned)	.014
Education & Skills Index (Binned)	.816

Source: From Author's Computation from SPSS (2024)

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

From assessing the Likelihood Ratio Test above, we can see the **most important predictors**, especially **income, quality goods and services** which highlights the salient areas needing intervention and support. Therefore, there is a need to improve the productivity of SMEs to contribute to betterment of the socio-economic wellbeing of households. The results suggest that there is also a need for strategies to contribute to household income i.e. income generating activities, and to prioritize initiatives for quality enhancement within SMEs in order to achieve improved economic development or households. Ogunmuyiwa and Onkunleye (2019) highlighted the Agenda 2030 for Sustainable Development and put forward that this new SDG plan, takes into consideration/reflects a holistic, coherent and balanced framework while also incorporating the three dimensions of sustainable development. The first dimension being the social, and then the economic, as well as environmental dimensions, while recognizing the direct links between human wellbeing, environmental health and economic development. Thus, it is safe to say that the SDGs seeks to contribute to reduction of poverty, encourage healthy life and wellbeing for all, ensure sustainable access to safe and clean water and energy, eradicate hunger for all and contribute towards sustainable economic growth (Ogunmuyiwa and Onkunleye , 2019) Then the table shows the **non-significant variables** like **age, household size, and access to credit**, which allows a space for exploring different variables in the future, that may have a significant influence on SME dynamics and/or socio-economic wellbeing.

Table 4.17. Parameter Estimates: Human Capital Index

								95% Confidence Interval for Exp(B)	
Human Capital Index (Binned)[a]		B	Std. Error	Wald	df	Sig.	Exp(B)	Lower Bound	Upper Bound
Poor	Intercept	-.628	1.405	.200	1	.655			
	Age	-.003	.036	.006	1	.938	.997	.930	1.070
	Household Size	.056	.116	.236	1	.627	1.058	.843	1.328
	Monthly Income	-.089	.034	6.835	1	.009	.915	.856	.978
	[Job Creation Index (Binned)=1]	1.469	.685	4.597	1	.032	4.344	1.134	16.633
	[Job Creation Index (Binned)=2]	.258	.630	.168	1	.682	1.295	.376	4.455
	[Job Creation Index (Binned)=3]	0[b]	.	.	0	.	.	.	.

[Income Index (Binned)=1]	1.664	.765	4.732	1	.030	5.281	1.179	23.655
[Income Index (Binned)=2]	.852	.633	1.812	1	.178	2.344	.678	8.100
[Income Index (Binned)=3]	0^b	.	.	0	.	.	.	.
[Access to Credit Index (Binned)=1]	-.033	.781	.002	1	.967	.968	.209	4.475
[Access to Credit Index (Binned)=2]	-.306	.661	.214	1	.644	.736	.201	2.691
[Access to Credit Index (Binned)=3]	0^b	.	.	0	.	.	.	.
[Quality Goods & Service Index (Binned)=1]	2.766	.967	8.183	1	.004	15.894	2.389	105.749
[Quality Goods & Service Index (Binned)=2]	1.021	.724	1.990	1	.158	2.777	.672	11.475
[Quality Goods & Service Index (Binned)=3]	0^b	.	.	0	.	.	.	.
[Education & Skills Index (Binned)=1]	.586	.717	.670	1	.413	1.798	.441	7.322
[Education & Skills Index (Binned)=2]	-.026	.606	.002	1	.966	.975	.297	3.194

	[Education & Skills Index (Binned)=3]	0^b	.	.	0	.	.	.	.
Average	Intercept	1.420	1.032	1.895	1	.169			
	Age	-.053	.030	3.082	1	.079	.948	.893	1.006
	Household Size	.065	.094	.471	1	.493	1.067	.887	1.282
	Monthly Income	-.020	.026	.600	1	.438	.980	.930	1.032
	[Job Creation Index (Binned)=1]	.724	.578	1.570	1	.210	2.062	.665	6.399
	[Job Creation Index (Binned)=2]	.510	.467	1.194	1	.274	1.665	.667	4.158
	[Job Creation Index (Binned)=3]	0^b	.	.	0	.	.	.	.
	[Income Index (Binned)=1]	1.268	.678	3.496	1	.062	3.553	.941	13.422
	[Income Index (Binned)=2]	.883	.470	3.529	1	.060	2.419	.962	6.078
	[Income Index (Binned)=3]	0^b	.	.	0	.	.	.	.
	[Access to Credit Index (Binned)=1]	.027	.702	.002	1	.969	1.028	.260	4.070
	[Access to Credit Index (Binned)=2]	.154	.514	.090	1	.764	1.167	.426	3.198
	[Access to Credit Index (Binned)=3]	0^b	.	.	0	.	.	.	.

[Quality Goods & Service Index (Binned)=1]	.697	.852	.669	1	.413	2.008	.378	10.668
[Quality Goods & Service Index (Binned)=2]	-.240	.494	.236	1	.627	.787	.299	2.071
[Quality Goods & Service Index (Binned)=3]	0^b	.	.	0	.	.	.	.
[Education & Skills Index (Binned)=1]	.039	.625	.004	1	.951	1.039	.305	3.541
[Education & Skills Index (Binned)=2]	-.232	.469	.243	1	.622	.793	.316	1.990
[Education & Skills Index (Binned)=3]	0^b	.	.	0	.	.	.	.

a. The reference category is: High.

b. This parameter is set to zero because it is redundant.

Source: From Author's Computation from SPSS (2024)

The Parameter Estimates table above (**Table 4.17**) highlights the estimates of the SME dynamics like job creation, income, access to credit and quality goods and services and t heir influence on the households' wellbeing. The findings from the table show that **job creation** has a **significant positive relationship** with **socio-economic wellbeing**. A Coefficient of **1.469** (p=0.032) and **Odds Ratio (Exp (B)=4.344)** that suggests that households with **employed** individuals are over four times likely exposed to improved socio-economic conditions. **Income** also shows a **positive Coefficient** of **1.664** which suggests that households with higher level of income are more exposed to better socio-economic conditions. This also puts an emphasis on the need for improved income levels**. Access to credit** with a **Coefficient** of **0.967**, shows to have a **less influence** on the socio-economic wellbeing of households. This means that having access to credit does not contribute much into improving socio-economic wellbeing in the context of this study. It can be argued that having “access” alone does not guarantee enough credit to use effectively to improve your life. **Quality goods and services** show to be highly significant with a **Coefficient** of **2.766.** This indicates that those households who have better access to **quality goods and services** are estimated to be about 15 times more exposed to improved socio-economic outcomes than those that are not. Lastly, **education and skills** shows **mixed results**. Table shows a **positive relationship** but is **insignificant**, which suggests that having certain educational level and skills may have benefits, even though it does not ascertain improved socio-economic outcomes.

The table also show the Wald statistic that helps with understanding of the significance of each predictor. Having a higher Wald statistic shows that there is a stronger relationship between the predictor and the result, while having a p-value of less than 0.05, suggests that the variable makes a huge contribution in the explanation of the variation in the Human Capital in the case of this study. A number of factors were found to play a major role on the likelihood of being in the “poor” category in the monthly income, job creation and income indices. In the “poor” category Income shows a **Wald** of **6.835, p=0.009.** A negative coefficient proposes that as monthly income goes up, the likelihood of being categorized as "Poor" goes down. This denotes that individuals with higher income are less likely to be in the "Poor" category, which aligns with the expected relationship between economic resources and human capital.

Moreover, the table shows **job creation (Binned) = 1**, **Wald=4.597, p=0.32** which majorly predicts the “poor” category. The positive coefficient Exp(B) = 4.344) suggests that individuals living in areas with a lower job creation index (level 1) have a **higher likelihood** of being in the "Poor" category. This further suggests that regions with limited job opportunities tend to be linked with poorer human capital outcomes. The **Income index (Binned) = 1 (Wald = 4.732, p = 0.030)** shows a significant association with the "Poor" category. A **higher Exp(B) value (5.281)** gives an idea that individuals in the lower income group (Income Index = 1) are considerably more likely to be in the "Poor" human capital category. This underscores the impact of lower income in restricting access to resources that could improve human capital. On the other hand, there were variables for the “poor” group that were not significant as they have values more than 0.05 which are **Age**, **Household Size**, **Access to Credit Index**, **Quality Goods & Service Index**, and **Education & Skills Index** variables.

For the "average" category, **Age** (**Wald = 3.082, p = 0.079**) shows that although the coefficient for Age is negative, the Wald statistic shows that it is **marginally insignificant (p = 0.079)**. This gives an idea that age could have a minor influence on the likelihood of being classified in the "Average" Human Capital Index category, but the evidence is insufficient to make a definitive conclusion at the 0.05 significance level. While **Income Index (Binned) = 1 (Wald = 3.496, p = 0.062) and Income Index (Binned) = 2 (Wald = 3.529, p = 0.060), b**oth levels of the Income Index are near statistical significance, with p-values just over 0.05. This shows that individuals in lower income ranges are somewhat more likely to be categorized as "Average" rather than in the "High" Human Capital Index category. Again, same as the "poor" category, variables such as **Access to Credit**, **Job Creation Index**, and **Quality Goods & Service Index** did not show strong significance for this category.

The "high" category is seen as the reference category in the model as the predictors for this group are not shown in the table, since they are being compared to the "Poor" and "Average" groups. Therefore, the lack of significant variables for this group is anticipated, given that it is being contrasted with the other two categories.

The above report is important for understanding the relative significance of each dynamic and how each influences the socio-economic outcomes of households. From observing the table, there are significant coefficients and odd ratios which highlights the aspects of SME dynamics (job creation, and quality goods and services) that have the greatest effect on the socio-economic wellbeing of households. From this, it is evident that there is a need to foster creation of job opportunities and the accessibility of quality goods and services to contribute to a sustainable socio-economic wellbeing of households. With that said, it shows the importance for strategic investments meant to support SMEs, with the aim to create more job opportunities and consequently drive economic development and wellbeing of households. Authors such as Amoah and Amoah (2018) concurs and added that Small and medium-sized enterprises, including micro enterprises, play a critical role in the socio-economic development of nations, particularly in the areas of employment and job creation. The SME sector contributes significantly to economic growth and more importantly, job creation in both developed and developing countries. In the case of developed and transitional economies.

To further address the second objective, the classification table (**Table 4.18**) is presented below for the clarity of predictive accuracy of this model used in categorizing households according to their socio-economic status. This is important because, determining the effectiveness of the model by classifying the households and particularly separating poor families, shows the significance of the variables associated with SME dynamics.

Table 4.18. Classification

Predicted

Poor	Average	High	Percent Correct
73	11	4	83.0%
17	28	22	41.8%
8	13	48	69.6%
43.8%	23.2%	33.0%	66.5%

Source: From Author's Computation from SPSS (2024)

This table above (**Table 4.18)** provides important insight into the predicted accuracy of the socio-economic status of households using the classification (Poor, Average and High). The model shows a **high prediction** rate of **83.0%** for poor households, which shows the effective alignment with SME dynamics like job creation and access to quality goods and services. Even so, the **average category** reports a **41.8% accuracy**, suggesting that there is complexity of clarifying this group which shows the need for specific interventions for the different income stability and access to goods and services. The **High category** appears to be quite **well-predicted** with a **69.6%** which however, suggests the need to look into further investigations on the factors influencing higher socio-economic wellbeing of households. Generally, the model showing **65.5% accuracy** allowing space for further research on understanding the socio-economic landscape, and policies aimed at improving performance of SMEs and SME dynamics on household outcomes across all categories.

Nominal Regression

To further prove the classification of households across categories, the summary table is presented below. The table below (**Table 4.19**) shows indices such as (Financial Resources, Job Creation, Income, Access to Credit, Quality Goods & Services, and Education & Skills) and the distribution of households, which is very important for assessing the impact of SME dynamics on socio-economic wellbeing.

Table 4.19. Case Processing Summary

		N	Marginal Percentage
Financial Resources Index (Binned)	Poor	82	36.4%
	Average	78	34.7%
	High	65	28.9%
Job Creation Index (Binned)	Poor	91	40.4%
	Average	66	29.3%
	High	68	30.2%
Income Index (Binned)	Poor	77	34.2%
	Average	76	33.8%
	High	72	32.0%
Access to Credit Index (Binned)	Poor	81	36.0%
	Average	70	31.1%
	High	74	32.9%
Quality Goods & Service Index (Binned)	Poor	77	34.2%
	Average	79	35.1%
	High	69	30.7%
Education & Skills Index (Binned)	Poor	75	33.3%
	Average	76	33.8%
	High	74	32.9%
Valid		225	100.0%
Missing		7	
Total		232	
Subpopulation		225[a]	

a. The dependent variable has only one value observed in 225 (100.0%) subpopulations.

Source: From Author's Computation from SPSS (2024)

The table above (**Table 4.19**) reveals that a **large percentage (40%)** classifies as poor in **the job creation index,** which shows that job creation has a **huge influence** on financial stability of households. This is supported by (Amoah and Amoah, 2018; who agrees with Bouazza, 2015) that Small and medium-sized enterprises, together with micro enterprises, play critical roles in the socio-economic improvement of countries, particularly in the areas of service and creation of job opportunities. The SME sector contributes significantly to economic progression and more significantly, job creation in both industrialized and unindustrialized countries. Equally, **financial resource index** also recorded a considerable **36.4%** on **Poor** classification, implying that **limite**d access to **financial resource** has a huge influence on economic issues. When doing a comparison across all indices, **job creation** records as the **highest representation** for **poor** households, meaning that job creation is needed to improve socio-economic wellbeing. Which is in line with Amoah and Amoah (2018) who established that SMEs delivered 60% to 70% of employment. In developing countries, SMEs are thought to provide approximately 45% of aggregate employment and 33% of Gross Domestic Product (GDP). Furthermore, Small and medium-sized enterprises (SMEs) are frequently regarded as instruments of innovation, economic growth, employment, and social mobility. Jobs produced and jobs offered by SMEs normally advances people's welfare, standard of living, level of income, and social stability all over the world, including in African countries (Amoah and Amoah, 2018).

Financial Resource records as the **second highest proportion** of **poor** households, encouraging the importance of financial stability and necessity for financial literacy initiatives. Tsatsenko (2020) contributed that the SME sector plays a huge role in the economy of any country, hence they are seen as "the backbone of the economy". SMEs stimulate innovations, job creation and can be seen as the key engine of employment which contributes immensely to economic development and thus improvement of well-being of communities. Both **income and access to credit** show a **rather balanced distribution** across categories, which means that even though they are essential, their influence is subtle. The table also shows that there are 7 missing cases, which is addressed for awareness that conclusions drawn represents the participants that responded. Overall, the households classifying as **Poor** in the **job creation index**, encourages the idea to support SMEs in encouraging economic resilience and generally improving socio-economic wellbeing of households.

To further give critical clarity on the effectiveness of the model used to address the second objective that seeks to analyse the impact of SME dynamics on socio-economic wellbeing of households, the Model Fitting Information table (**Table 4.20**) together with the Goodness-of-Fit and Pseudo R-Square table is presented below.

Table 4.20 Model Fitting Information

	Model Fitting Criteria			Likelihood Ratio Tests		
Model	**AIC**	**BIC**	**-2 Log Likelihood**	**Chi-Square**	**df**	**Sig.**
Intercept Only	**492.671**	**499.494**	**488.671**			
Final	**392.058**	**487.584**	**336.058**	**152.613**	**26**	**<.001**

Source: From Author's Computation from SPSS (2024)

The model fitting table above gives information that shows a significant improvement from the intercept-only model (**AIC: 492.671; BIC: 499.494; -2 Log Likelihood: 488.671**) to the final model (**AIC: 392.058; BIC: 487.584; -2 Log Likelihood: 336.058**). This improvement implies that the final model that involves the independent variables linked to SME dynamics give clear insight into the various classes of households, as compared to the intercept-only model that shows no predictors.

The **likelihood ratio test** presents a **significant Chi-Square value of 152.613 (df = 26, Sig. < .001)** showing that the null model is exceeded by the final model. This observation puts forward that the involved independent variables (job creation, and financial resources) have a huge substantial influence on the socio-economic status prediction of the households.

Table 4.21 Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	535.449	420	<.001
Deviance	336.058	420	.999

Source: From Author's Computation from SPSS (2024)

The goodness-of-fit tests present mixed results. The **Pearson Chi-Square statistic (535.449, df = 420, Sig. < .001)** presents a poor fit, which may be seen as an indication that the model may not encompass all the variability in the data. However, the **Deviance Chi-Square statistic (336.058, df=420, Sig.=.999)** submits an appropriate fit because the high p-values shows that there is no substantial difference between the actual and the expected values for the model.

Table 4.22 Pseudo R-Square

Cox and Snell	**.494**
Nagelkerke	**.557**
McFadden	**.312**

Source: From Author's Computation from SPSS (2024)

The **Pseudo R-Square** table (**Table 4.22**) above indicates values that submits that about **31.2%** to **55.7%** of the unpredicted classifications of the households can be clearly outlined by the independent variables in the model. Then the **highest value (the Nagelkerke value)** shows a fair explanation of the amount of difference, fueling the appropriateness of the model in drawing a picture of the nexus between socio-economic wellbeing and SME dynamics. Below is the Likelihood ratio test table for model fitting criteria presenting both the full model and various reduced models where some of the individual predictors are removed.

Table 4.23 Likelihood Ratio Tests

Effect	Model Fitting Criteria			Likelihood Ratio Tests	
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df
Intercept	392.058	487.584	336.058[a]	.000	0
Age	392.499	481.202	340.499	4.441	2
Household Size	388.551	477.254	336.551	.493	2
Monthly Income	395.965	484.668	343.965	7.907	2
Job Creation Index (Binned)	392.063	473.942	344.063	8.005	4
Income Index (Binned)	391.475	473.355	343.475	7.417	4
Access to Credit Index (Binned)	384.935	466.815	336.935	.877	4
Quality Goods & Service Index (Binned)	396.616	478.496	348.616	12.558	4
Education & Skills Index (Binned)	385.618	467.497	337.618	1.559	4

Source: From Author's Computation from SPSS (2024)

The AIC and BIC values from the table above **(Table 4.23)** show the relative quality of the models, with lower values indicating better fit. From the observation, the intercept-only model has a higher AIC value **(392.058)** than the final model when predictors are included, emphasizing the importance of these variables in providing insight into the differences in household classifications. The **Chi-Square value**, as shown in the table above, indicates the change in **-2 Log Likelihood** when a predictor is removed from the model. Notably, income shows a significant Chi-Square value, suggesting that removing it as a variable may result in reduced model fit. This highlights the importance of income stability and emphasizes the need to improve household income to effectively contribute to socio-economic wellbeing.

Quality of goods and services, which also has the **highest Chi-Square value**, demonstrates the model's ability to explain the relationships between variables. This indicates that access to quality goods and services contributes to household satisfaction, further emphasizing the need to support SMEs in order to enhance financial stability and the overall wellbeing of households. Amoah and Amoah (2018) concur and add that small and medium-sized enterprises (SMEs) are frequently regarded as engines of innovation, economic growth, employment, and social mobility. Jobs created and offered by SMEs generally improve people's welfare, standard of living, income levels, and social stability worldwide, including in African countries (Amoah and Amoah, 2018). **Job creation** also shows a significantly **high Chi-Square value**, highlighting the importance of this predictor. It reflects the strong relationship between job creation and household classifications and further emphasizes the role of SMEs in generating employment opportunities, which directly contribute to the socio-economic outcomes of households.

Then, the other predictors such as **age, household size, access to credit and education and skills** show **lower Chi-Square values**, which shows that they do not contribute much. This suggests that while these predictors do somehow have an impact, their direct impact on classification of households is not as significant when compared to income and quality goods and services. These observations indicate the importance for encouraging interventions/programmes that generate income and improving access to quality goods and services. This is evident in a report by Ismail and Ainebyona (2018) who studied the impact of income generation projects in Somalia, and reported that employment generation has a positive impact on the income of the people who are participants. The study revealed that the farmers after they have participated in income generating projects, their income significantly increased, meaning it improved the livelihoods of the households.

To further provide valuable insights, the model presents a Likelihood Ratio Tests table (**Table 4.24**.) presented below, that outlines the significance of the predictors in order to align with the objective of the study.

Table 4.24 Likelihood Ratio Tests

Effect	Likelihood Ratio Tests
	Sig.
Intercept	.
Age	.109
Household Size	.781
Monthly Income	.019
Job Creation Index (Binned)	.091
Income Index (Binned)	.115
Access to Credit Index (Binned)	.928
Quality Goods & Service Index (Binned)	.014
Education & Skills Index (Binned)	.816

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

a. This reduced model is equivalent to the final model because omitting the effect does not increase the degrees of freedom.

Source: From Author's Computation from SPSS (2024)

The **significance values** on the table above (**Table 4.24**) represents the **strength** of the influence each predictor has on household classification. **Income** shows a **significance level with p-value** of **0,019** which is statistically quite significant, suggesting that households with improved income are associated with enhanced socio-economic wellbeing. This further suggests that there is a need to improve household income particularly through SME initiatives as they have the potential for a substantial positive contribution on the socio-economic wellbeing of the households. **Quality goods and services show a p-value of 0.014**, which presents that quality goods and services have a significant influence. The table also shows that **job creation** has a **high significant level with p-value of 0.091**, implying that even though the relationship is not definitive, but an increase in job creation, particularly by SMEs, leads to improved socio-economic outcomes. In contrast**, Age** (**0.109**), **Household Size (0.781**), **Access to Credit Index** (**0.928**), **Income Index (0.115),** and

Education & Skills Index (0.816) show **higher p-value** and means that they don't contribute much in household classifications. Even though they are relevant, they have a **poor influence** on the socio-economic status of households when compared to income and quality goods and services.

Overall, **the Likelihood Ratio Tests** table above (**Table 4.24**) presents compelling evidence of the importance of the predictors in the multinomial regression analysis used to reveal the critical roles played by SME dynamics. The table illustrates the how these SME dynamics may influence socio-economic wellbeing through quantifying the data to explore the relationship. The model further addresses the objective through the Parameter Estimates for Financial Resources, which is presented below (**Table 4.25**).

Table 4.25 Parameter Estimates: Financial Resource Index

Financial Resources Index (Binned)[a]		B	Std. Error	Wald	Df	Sig.	Exp(B)	95% Confidence Interval for Exp(B) Lower Bound	Upper Bound
Poor	Intercept	-.952	1.519	.393	1	.531			
	Age	-.070	.042	2.830	1	.093	.932	.859	1.012
	Household Size	.169	.137	1.521	1	.218	1.184	.905	1.550
	Monthly Income	-.058	.039	2.230	1	.135	.944	.875	1.018
	[Job Creation Index (Binned)=1]	1.373	.840	2.671	1	.102	3.947	.761	20.483
	[Job Creation Index (Binned)=2]	1.305	.774	2.844	1	.092	3.687	.809	16.797
	[Job Creation Index (Binned)=3]	0[b]	.	.	0	.	.	.	.
	[Income Index (Binned)=1]	5.173	1.254	17.005	1	<.001	176.395	15.093	2061.644
	[Income Index (Binned)=2]	1.463	.746	3.847	1	.050	4.320	1.001	18.643
	[Income Index (Binned)=3]	0[b]	.	.	0	.	.	.	.

	[Access to Credit Index (Binned)=1]	.814	.902	.815	1	.367	2.257	.385	13.225
	[Access to Credit Index (Binned)=2]	-.659	.727	.824	1	.364	.517	.124	2.148
	[Access to Credit Index (Binned)=3]	0^b	.	.	0	.	.	.	.
	[Quality Goods & Service Index (Binned)=1]	1.825	1.135	2.584	1	.108	6.202	.670	57.384
	[Quality Goods & Service Index (Binned)=2]	1.069	.723	2.189	1	.139	2.914	.707	12.015
	[Quality Goods & Service Index (Binned)=3]	0^b	.	.	0	.	.	.	.
	[Education & Skills Index (Binned)=1]	.293	.846	.120	1	.729	1.340	.255	7.033
	[Education & Skills Index (Binned)=2]	1.268	.713	3.162	1	.075	3.554	.878	14.381
	[Education & Skills Index (Binned)=3]	0^b	.	.	0	.	.	.	.
Average	Intercept	-.038	1.098	.001	1	.972			
	Age	-.021	.032	.401	1	.526	.980	.919	1.044
	Household Size	.121	.102	1.413	1	.235	1.129	.924	1.378
	Monthly Income	-.040	.028	1.942	1	.163	.961	.909	1.016
	[Job Creation Index (Binned)=1]	-.149	.605	.060	1	.806	.862	.263	2.819
	[Job Creation Index (Binned)=2]	.160	.517	.096	1	.757	1.174	.426	3.236
	[Job Creation Index (Binned)=3]	0^b	.	.	0	.	.	.	.
	[Income Index (Binned)=1]	2.267	1.140	3.955	1	.047	9.648	1.033	90.089

	[Income Index (Binned)=2]	1.056	.474	4.959	1	.026	2.875	1.135	7.284
	[Income Index (Binned)=3]	0[b]	.	.	0	.	.	.	.
	[Access to Credit Index (Binned)=1]	.346	.794	.189	1	.663	1.413	.298	6.697
	[Access to Credit Index (Binned)=2]	-.014	.536	.001	1	.979	.986	.345	2.819
	[Access to Credit Index (Binned)=3]	0[b]	.	.	0	.	.	.	.
	[Quality Goods & Service Index (Binned)=1]	2.103	.947	4.930	1	.026	8.191	1.280	52.423
	[Quality Goods & Service Index (Binned)=2]	.869	.514	2.851	1	.091	2.384	.870	6.535
	[Quality Goods & Service Index (Binned)=3]	0[b]	.	.	0	.	.	.	.
	[Education & Skills Index (Binned)=1]	.364	.659	.306	1	.580	1.440	.396	5.235
	[Education & Skills Index (Binned)=2]	.367	.516	.505	1	.477	1.443	.525	3.972
	[Education & Skills Index (Binned)=3]	0[b]	.	.	0	.	.	.	.

a. The reference category is: High.

b. This parameter is set to zero because it is redundant.

Source: From Author's Computation from SPSS (2024)

The Parameter Estimates table provides analysis focusing on job creation, income, access to credit, quality goods and services and education and skills SME dynamics and the socio-economic wellbeing of households through the financial resource index. From observing the table, the key findings indicate that the intercept for the **"poor"** category and household characteristics is **negative** with a **statistically significant value of (p= 0.531).** This further suggests that **access to financial resource** for this group is quite **insignificant**. Moreover, **age and income** also indicate **negative coefficients**, while household size show a **positive coefficient of (1.184)** which submits that a large number of households are exposed to slightly improved the financial resource results.

The table above (**Table 4.25**) suggests that **job creation** may have a **positive effect** on **financial resources** as both indices for job creation indicate **positive coefficients (1.373 and 1.305 respectively).** This implies that job creation is likely to improve financial outcomes of households. However, it may not be strong enough because of the **p-values (0.102 and 0.092)** for the **job creation** indices that show **marginal significance**, making it hard to give a definite conclusion. Both the indices for income however, prove to be the **most significant** as they show **p-values of (5.173 and 1.463)** suggesting that there is a **very positive correlation** between households having higher **income** levels and **financial resource**, with extremely high possibilities. These findings prove that high income level households are considerably more likely to be exposed to improved financial resources. Consequently, this means that improvement in income contributes to household financial wellbeing. Literature suggests that there is a need for SMEs to adopt strategies that will help them sustain their contribution towards development, growth and sustainability. That will consequently lead to unemployment reduction which is very much needed in many developing nations like South Africa which has significantly high unemployment rates (Bvuma and Marnewick, 2020). Fanggidae, Sutrisno, Fanggidae and Permana (2023) concur and added that SMEs make a significant contribution to economic growth of many nations, especially developing countries through provision of jobs, fostering revolution and competition while steering the overall progression of households.

The **access to credit** index does not show much significant impact, showing **the p- value (0.05)** which brings to attention that even though there is some relation, the sample does not have much influence on access to financial resource of households. Similarly, **education and skills** index also shows a modest **positive effect**, suggesting that education and skills does not yield much strong effects on financial resource of households. This means that even though having skills and education may play a role, it is not the most significant role to turn over the socio-economic outcomes of households, particularly when compared to income and job creation in the context of this study. In essence, improving income through job creation by SMEs is essential for improving household economic wellbeing. SEDA (2019) concur and reports that the SME sector in South Africa was able to provide income to at least 10.8 million people in the year 2019 through employment, making up a total of 66% of the total employment of the country. SMEs have thecapacity and high potential to create jobs for those unemployed in the country and thus contribute to sustainable economic growth. Also, improving the access to quality goods and services is crucial to meet the needs of the households. Below is the classification table that further give an insight on the predictive accuracy for the information above on financial resource, meant to address the objective.

The “poor” category in the financial resource shows **Income Index (Binned) = 1 (Wald = 17.005, p < 0.001)** as the most statistically significant predictor for the "Poor" category of the Financial Resources Index is the **Income Index** at level 1. With an **Exp(B) of 176.395**, individuals in the lowest income group (Income Index = 1) are **significantly more likely** to be classified as "Poor" this highlights the mighty impact of low income on financial resource availability. The **Income Index (Binned) = 2 (Wald = 3.847, p = 0.050)** at level 2 is also significant, with a **moderate Exp(B) value of 4.320**, indicating that individuals in the second lowest income bracket are **more likely** to be classified as "Poor." This suggests that those in this income group still face significant financial resource limitations.

Age (Wald = 2.830, p = 0.093) shows a negative but marginally non-significant relationship with the "Poor" category (p = 0.093). While age may slightly weaken the probability of being categorized as "Poor," the evidence is not strong enough to confirm a definitive effect. **Job Creation Index (Binned) = 1 (Wald = 2.671, p = 0.102) and Job Creation Index (Binned) = 2 (Wald = 2.844, p = 0.092)** at both levels 1 and 2 show **slight significance** (**p-values close to 0.05**), indicating that **lower job creation** in a region might contribute to a **higher likelihood** of being classified as "**Poor**." Even though it is **not statistically significant** at the **0.05 level**, these coefficients suggest that job opportunities may be an important factor in financial outcomes. **Quality Goods & Service Index (Binned) = 1 (Wald = 2.584, p = 0.108)** at level 1, while **marginally non-significant**, shows a **positive trend (Exp(B) = 6.202)**. This gives an idea that access to higher quality goods and services could have an association with a better financial resources outcome, but further research would be needed to confirm its impact.

While the “average” category in the financial resource entails Income Index (Binned) = 1, Income Index (Binned) = 2, Quality Goods & Service Index (Binned) = 1, Job Creation Index (Binned) = 2, and Education & Skills Index (Binned) = 2.

The **Income Index (Binned) = 1 (Wald = 3.955, p = 0.047)** similar to the "Poor" category, is **significant** for the "Average" category of financial resources, with an **Exp(B) of 9.648**. Individuals in the lowest income bracket are **much more likely** to be categorized as "Average" rather than "High" in financial resources. This highlights the role of income in determining financial outcomes. Then the **Income Index (Binned) = 2 (Wald = 4.959, p = 0.026)** also shows a significant relationship with the "Average" financial resources group (**Exp(B) = 2.875**). This highlights that individuals in the second lowest income group have a higher probability of being categorized in the "Average" group, indicating the importance of income in financial resource allocation. On the other hand, **Quality Goods & Service Index (Binned) = 1 (Wald = 4.930, p = 0.026)** shows to be significant for the "Average" category with an **Exp(B) of 8.191**. this gives an idea that access to higher-quality goods and services may contribute to individuals being in the "Average" financial resources category, reflecting the importance of consumer goods and services in financial well-being.

Job Creation Index (Binned) = 2 (Wald = 0.096, p = 0.757) at level 2 is not significant for the "Average" category, showing that regional job opportunities do not play a strong role in determining financial outcomes for this group. **Education & Skills Index (Binned) = 2 (Wald = 3.162, p = 0.075)** at level 2 is marginally non-significant (p = 0.075). This suggests that education and skills may have a small effect on financial resources but are not strongly predictive in the "Average" category.

Table 4.26 Classification

	Predicted			
Observed	Poor	Average	High	Percent Correct
Poor	63	17	2	76.8%
Average	15	45	18	57.7%
High	2	16	47	72.3%
Overall Percentage	35.6%	34.7%	29.8%	68.9%

Source: From Analysis results of Field Questionnaire (2024)

The table above (**Table 4.26**) displays the observed vs. predicted classifications to show how appropriate is the model in addressing the households across all the classification categories used (poor, average and high) for the financial resource index. Findings show a **68.9%** of **correct classifications**, which is a sensible level of accuracy for the model. This shows that the model was effective in capturing the variability in the financial wellbeing of households using the SME dynamics that were assessed.

What is also observed is that the **Poor category** consist of **63 that are correctly predicted** as poor **out of the total of 82** that was observed, which represents the **76.8% that is correct**. This high percentage proves the accuracy of the model used and its effectiveness in classifying those households with limited access to financial resource. This addresses the objective of this study, which seeks to understand the nature of the relationship between SME dynamics and socio-economic wellbeing of households. **Average category** consist of **45** that are correctly predicted as average, out of a **total of 78 average** cases observed, giving a **57.7% total**. This **lower percent** indicates **lower accuracy**, suggesting that there are some challenges in classifying this category. This allows room for future exploration of predictors that affect the households that are classified as average. This may propose that the relationship between the SME dynamics and the households that are neither clearly poor nor high, is more complex. Then the **high category** records a **high percentage of 72.3% correct cases**, with **47 out of 65 total observed**. This proposes that the model is doing well in classifying households with high financial resources and those gaining from SME dynamics, showing the productivity of the model.

4.4 Summary of the chapter

This chapter focused on analyzing the quantitative responses from participants using the Likert Scale questionnaire to address the objectives of the study. The first objective sought to analyse the nature of relationship between Socio-economic index and SME dynamics, and the correlation analysis was applied. This analysis revealed significant relationships between the SME dynamics and the Financial Resource and Human capital indices that inform socio-economic wellbeing. There were strong significant relationships between SME predictors such as income, access to credit, quality goods and services, and the financial resource and human capital indices. The analysis proved that the nature of relationship that exist between the variables is a strong positive relationship, considering that SME dynamics contribute to the socio-economic wellbeing of households.

The second objective sought to assess the extent which SME dynamics [job creation, profit/income, access to funding, credit, as well as access to goods and services] influence Socio-Economic Wellbeing of Households [Financial Resource/Human Capital]. Therefore, the multinomial logistic regression was applied. This analysis revealed that the SME dynamics have an impact on socio-economic wellbeing. The analysis suggested that job creation may have a positive effect on financial resource as both indices for job creation indicate **positive coefficients** (**1.373** and **1.305** respectively). This indicates that job creation is likely to improve financial outcomes of households. Income also showed a very positive strong impact with extremely high possibilities, between households having higher income and financial resource. Similarly, SME dynamics such as income and job creation were shown to have strong positive impact on human capital. This suggests that the SME dynamics contribute to socio-economic wellbeing, even though some SME dynamics such as access to credit, were shown to not contribute much to socio-economic wellbeing of households.

CHAPTER 5

RESEARCH CONCLUSIONS AND RECOMMENDATIONS

5.1 Overview

This chapter reviews the findings of the study, presents conclusions and recommendations to policy makers, SMEs and financiers. This chapter also suggests areas for further research for researchers who wish to explore the relationships between SME dynamics and socio-economic wellbeing of households. The study explored the SME dynamics and the socio-economic wellbeing of households in the Mbombela municipality. Essentially, the study sought to give an insight into the relationships of the SME dynamics and the socio-economic wellbeing of households. Furthermore, it aimed to establish the extent to which the SME dynamics influence the socio-economic wellbeing of the households in the Mbombela municipality.

5.2 Summary of the study and Conclusion

The study was conducted in the Mbombela municipality, specifically in the five towns namely Kabokweni, Kanyamazane, Mbombela CBD, Tekwane and White River. The area offers some of the attractive environmental and adventurous activities in the country. It is characterized by favorable temperatures, making it a popular tourist attraction destination throughout the year and offering the most liked subtropical fruits. It also allows people to engage in different income generating activities, i.e. SMEs. Thus, the study employed the quantitative research approach to gather information from the SME participants in order to understand the socio-economic wellbeing of the households and the influence that SME dynamics have of their socio-economic wellbeing.

A sample of 226 was drawn from the population in the selected town using the non-probability sampling, specifically adopting the purposive sampling technique to respondents who are participants of SMEs. As the study employed quantitative approach, Likert Scale questionnaire was used to collect data. Then, to analyse the quantitative data, correlation analysis method for the first objective was applied in order to explore the nature of relationship between socio-economic index and SME dynamics. For the second objective, the study applied multinomial logistic regression analysis to assess the extent to which SME dynamics influence socio-economic wellbeing.

Objective one

The analysis showed a positive view on job creation, which suggests that households are exposed to greater work possibilities, which fuels the overall household income and consequently socio-economic wellbeing. The Income Index, gives as observed from the table, gives an idea of the financial comfortability of the households, the table above shows lower average score which gives an idea of incomes levels that are below what is expected. It further shows participants with relatively low perception of access to credit. The a**ccess to Quality Goods & Services** index when compared to the Income and Access to Credit indices shows a higher mean, which suggests that the participants have a favorable perception on their accessibility of quality goods and services. Also education and skills index showed the highest mean, suggesting a positive attitude towards education and skills within the population. Human capital showed a positive perception as a measure for the potential for socio-economic development through the workforce's capabilities. meanwhile, the Financial Resource Index on the table has the lowest mean, which indicates a perception of the participants that there is limited financial resources.

The correlations revealed positive relationships between the following indices: Job Creation, Income, Access to Credit, Quality Goods and Services, Education and Skills, Human Capital and Financial Resource. The Quality Goods and Services index shows a strong correlation with Job Creation, Income, and Access to Credit. Education and skills index shows moderate to strong correlations with Job Creation, Income and Access to Credit indices. The analysis also revealed a strong positive correlation with Job Creation, Income and Access to Credit, and also revealed that the Financial Resource index has a positive strong correlation with Job Creation, Income and Access to Credit.

The correlation analysis between socio-economic indices and SME dynamics showed that Job creation in relation to education and skills indicates that there is a link between job creation and the education and skills possessed by the participants-earning that higher educational level enhances the chances of the individuals being part of the workforce. Moreover, job creation against human capital also showed a strong correction. Furthermore, analysis for income index against quality goods and services showed a strong positive relationship that suggest that households with higher income levels are associated with having access to quality goods and services. Income index against education and skills suggested that the level of education and skills possessed by the individuals has some influence on income levels. Also, the analysis on income index and human capital showed a very strong correlation that suggests that households with individuals that possess higher human capital have higher income. Overall, the analysis revealed that the strongest positive relationships observed are between job creation, income, access to credit and the human capital which highlights interconnectedness of these variables.

In addition, the correlation analysis between financial resources and SME dynamics also showed an overall positive relationship between financial resources as an indicator of socio-economic wellbeing and the SME dynamics. **The correlation between financial resources and job creation showed a moderate positive relationship.** Financial resources and income also showed a strong positive correlation, **suggesting** that financial resources are significantly associated with higher household income levels. The correlation between financial resources and access to credit showed a strong positive relationship, **indicating** that households with greater financial resources are more likely to have access to credit. The analysis between financial resources and quality goods and services also showed a strong positive relationship, suggesting that an increase in access to financial resources **leads to** increased access to quality goods and services. The analysis also suggested that there is **a moderate relationship** between financial resources and education and skills. **Overall,** the analysis presented several key positive relationships between the Financial Resource Index and various indices such as income, access to credit, quality goods and services, and human capital. Considering all the information observed, the analysis effectively addressed the study's objective of assessing the nature of the relationships between SME dynamics and the socio-economic index by proving that there is a strong positive relationship between these variables.

Objective 2

The findings show that about 40% of the participants in the study fall into the "poor" category for Human Capital. This means that a significant number of participants have limited essential skills and/or education. A similar trend is observed for Job Creation, where over 40% of participants fall into the "poor" category, **indicating** that participants feel there is still a need for more SMEs to create job opportunities. There is also a notable trend for Income, which shows that approximately one-third of participants have "poor" income. This reflects the economic constraints that hinder households from sustaining healthy socio-economic wellbeing. Again, over a third of the participants fall under the "poor" category in the Access to Credit index, reflecting a significant barrier not only for households but for SMEs as well.

The analysis revealed that having access to credit could influence households' affordability of quality goods and services. It could also influence SME growth and encourage overall socio-economic improvement. It is also notable that a portion of participants lack access to quality goods and services, with one-third of the population falling into the "poor" category in the Access to Quality Goods and Services index. This highlights challenges faced by both SMEs and households: unaffordability or limited access to quality goods may lead to health risks, disrupt economic efficiency, limit consumer choice, affect SME productivity, and ultimately result in socio-economic inequality. Again, about one-third of participants are classified as having lower educational levels and skills, emphasizing the need for interventions through educational and skills development programmes to enhance workforce capabilities.

The **Parameter Estimates table** revealed that Job Creation has a significant positive relationship with socio-economic wellbeing. The odds shown in the table indicate that employed households are over four times more likely to be exposed to improved socio-economic conditions. Income also shows a positive relationship, suggesting that households with higher income levels are more exposed to better socio-economic conditions. It was also found that Access to Credit has **less influence** on the socio-economic wellbeing of households, **indicating** that, in the context of this study, credit access does not significantly improve socio-economic outcomes. Nevertheless, access to Quality Goods and Services shows a **highly significant influence** on the socio-economic wellbeing of households. This indicates that households with better access to quality goods and services are estimated to be about **15 times more likely** to experience improved socio-economic outcomes than those without such access.

On the other hand, Education and Skills show a mixed but positive relationship, suggesting that there is not much contribution to socio-economic wellbeing of households. In essence, the analysis suggests that having certain educational level and skills may have benefits, even though it does not necessarily ascertain improved socio-economic outcomes. Overall, the findings indicate a that SME dynamics (job creation, and quality goods and services) that have the greatest effect on the socio-economic wellbeing of households. From this, it is evident that there is a need to foster creation of job opportunities and the accessibility of quality goods and services to contribute to a sustainable socio-economic wellbeing of households.

The analysis further reported that a large percentage (40%) **of participants** classify as "Poor" in the Job Creation Index, which shows that job creation has a huge influence on the financial stability of households. **Similarly**, the Financial Resource Index also recorded a considerable 36.4% in the "Poor" classification, implying that limited access to financial resources has a substantial impact on economic issues. A comparison across all indices shows that Job Creation has the highest representation among poor households, indicating that it has the most significant impact on improving socio-economic wellbeing. Financial Resource recorded the second-highest proportion of poor households, highlighting the importance of financial stability and the necessity for financial literacy initiatives. Both Income and Access to Credit show a relatively balanced distribution across categories, which means that even though they are essential, their influence is subtler. Overall, the high percentage of households classified as "Poor" in the Job Creation Index supports the idea of backing SMEs in fostering economic resilience and, ultimately, improving the socio-economic wellbeing of households.

The analysis also generated the Model Fitting Criteria table, which revealed a significant Chi-Square value, suggesting that the independent variables (job creation and financial resources) have a substantial influence on the prediction of households' socio-economic status. The Likelihood Ratio Tests also revealed that income has a significant Chi-Square value, suggesting that there is a need for income stability to effectively fuel socio-economic wellbeing. The findings further reveal that having access to quality goods and services leads to household satisfaction, which encourages the need for SMEs to improve financial stability and the overall wellbeing of households. Similarly, job creation recorded a significantly high Chi-Square value, highlighting the relevance of the relationship between job creation and household classification. This finding emphasizes the importance of SMEs in generating job opportunities that directly contribute to the socio-economic outcomes of households. Even so, the findings also highlighted that other predictors such as age, household size, access to credit, and education and skills—show lower Chi-Square values. This means that, while these predictors do have some impact, their direct influence on the classification of households is not as strong when compared to income and access to quality goods and services. These observations indicate the importance of encouraging interventions and programmes that generate income and improve access to quality goods and services.

The analysis was also successful in highlighting the strengths of each of the predictors being observed on household classification. The findings indicate a quite strong predictor, suggesting that households with improved income are associated with enhanced socio-economic wellbeing. This further suggests that there is a need to improve household income particularly through SME initiatives, as they have the potential for a substantial positive contribution to the socio-economic wellbeing of the households. Similarly, Quality goods and services and job creation also proved to have an influence on socio-economic wellbeing of households. However, Age, Household Size, Access to Credit Index, Income Index, and Education & Skills Index showed a higher p-value meaning that they don't contribute much in household classifications. Even though they are relevant, they have a poor influence on the socio-economic status of households when compared to income and quality goods and services.

The findings from the parameter estimates reveal that high income households are considerably more likely to be exposed to improved financial resources. Consequently, this means that improvement in income contributes to household financial wellbeing. On the other hand, the Access to Credit Index does not show much significant impact, which brings to attention that even though there is some relation, but the sample does not have much influence on access to financial resource of households. Similarly, education and skills index also show a modest positive effect, suggesting that education and skills do not yield strong effects on financial resource of households. Thus, improving access to quality goods and services is crucial to meeting the needs of the households. Overall, the findings indicate that SME dynamics have a significant impact on socio-economic wellbeing of households.

5.3 Recommendations

The following recommendations are drawn from the findings of this study, focusing on the objectives of the study, which are to analyse the nature of relationship between Socio-Economic Index and SME Dynamics and to assess the extent to which SMEs Dynamics [job creation, profit/income, access to funding, credit, as well as access to goods and services] influence Socio-

Economic Wellbeing of Households [Financial Resource/Human Capital]. The recommendations put an emphasis on the need for support for SME dynamics in order to improve their overall contribution to socio-economic wellbeing of the households in the Mbombela Municipality.

5.3.1 Recommendations for the households in the Mbombela municipality

The findings reveal that the participants have limited access to financial services such as access to credit and funding. Thus, to improve access to funding, the households might want to explore:

Digital Financial Solutions

To enhance access to financial services, households and SMEs should explore digital financial solutions. Researchers such as Msomi and Kandolo (2023) have highlighted that digital tools—such as mobile banking and digital lending platforms—play a significant role in improving financial access, especially in underserved regions. These technologies can bridge the gap between financial institutions and remote communities.

Financial Literacy and Access to Credit Programmes

Households, particularly in rural areas, are encouraged to participate in financial literacy programmes. These programmes equip individuals and SMEs with essential knowledge to effectively utilize available financial services. Moreover, improving financial literacy supports better access to credit through formal institutions and microfinance initiatives. Importantly, financial literacy ensures that both households and SMEs make informed financial decisions that align with their economic goals.

Education and Skills Development

Although the study revealed only a modest influence of education and skills on financial wellbeing, the importance of human capital development remains vital. It is recommended that greater investment be made in education to enable individuals to access better-paying jobs or pursue entrepreneurial ventures. Programmes aimed at upskilling and empowering individuals should be promoted to enhance long-term socio-economic development.

5.3.2 Recommendations for Policy Makers

It is important for policy makers to come up with people centered policies in order for the policies to be effective and benefit the people.

Government, SMEs and Financial Institutions Collaboration

There is a need for collaboration between the government agencies, SMEs and financial institutions in order to achieve a more sustainable integrated approach towards an improved financial wellbeing of households. There is a need for policies that encourage both public and private partnerships that will not only focus on economic development but improve the overall socio-economic wellbeing of people as well.

Reassess and Improve Access to Credit for Households

The study highlights that people have limited access to credit, therefore, there is a need for a key policy focus towards improving access to credit, particularly for those households who fall in the lower-income bracket. Having access to credit could contribute to business growth and personal financial improvement. Encouraging affordable credit or microloans allows contributes to stimulated economic activity and allows individuals to develop their financial status.

5.4 Scientific Contribution

This study makes a scientific contribution through addressing the significant gap of knowledge around the intersection of SME dynamics and socio-economic wellbeing of households within the chosen area which is Mbombela Municipality.

Bridging Contextual Knowledge Gaps

Within the specific context of Mbombela municipality, the study gives empirical evidence which is presented in chapter 4 of this study on SME dynamics and the impact they have on socio-economic wellbeing. The study has added depth on the existing literature by addressing the two objectives on the influence of SMEs on the pillars of sustainable livelihood (financial resource and human capital) development.

Socio-economic Development Research Contribution

The study quantified the influence that SME dynamics has on socio-economic indices such as income, job creation, access to goods and services, access to funding or credit and etc. which helped with broadening the discourse on the significance of SMEs in reducing poverty and contributing to overall improvement of local quality of life of people.

Evidence-Based Recommendations for Policy Makers

The study was able to quantify the SME dynamics and socio-economic wellbeing to generate a significant actionable insights and strategies for policy makers as well as development practitioners. This helps the policy makers and development practitioners come up with effective policies that contribute to household wellbeing and benefit the people it is meant for.

Understanding of SME dynamics: Development of a wide-ranging analytical framework

The study analyzed SME dynamics such as income, job creation, access to funding, access to goods and services and etc. which contributed to the understanding of SMEs and the role they play in socio-economic wellbeing of households. In essence, the study helped with nuanced understanding of how these dynamics affect the individuals in local households. These insights are important in shaping theoretical frameworks and overall economic development theories.

In essence, the study being able to incorporate numerous variables such as job creation, income/profitability, access to funding/credit, and access to goods and services offers an integrated framework to assess the influence of SMEs on socio-economic wellbeing.

Contributing knowledge on Localized Economic Systems

The study being based in the Mbombela Municipality encourages the significance of having studies that are place-based, in order to channel the understanding of how localized systems work and how they contribute to the understanding of the broader socio-economic frameworks.

Theoretical contribution

The study being able to assess the relationships between the various indices such as (income, job creation, and etc.) makes a contribution to the understanding of various theories on the relationship between entrepreneurship (SMEs) and socio-economic development. The analysis of the study incorporates both the household-level impacts (e.g. income) and the local dynamics (e.g. Job creation) which is essential for understanding the theories on entrepreneurship and socio-economic improvement.

Supports Sustainable Development Goals (SDGs)

Literature reveals that various countries seek to meet the SDGs, this study explored the relationships between various indices such as job creation which essential in poverty alleviation and economic stability. In that sense, the study is in line with the Sustainable Development Goals as it prioritizes the first SDG which is No Poverty, the eighth goal which speaks to Decent Work and Economic Growth for people, as well as the tenth goal which is Reduced Inequalities.

Overall, this study's scientific contribution derives from its capability to connect theoretical analysis with practical consequences that provides a thorough understanding on how SMEs through SME dynamics drive socio-economic development in the markets that are merging. The study being able to integrate both practice and theory allows it to not only be an academic endeavor but be a road map towards meaningful change for the benefit of people. the study identifies SMEs as the steers of social and economic change in the emerging markets, giving an adaptable framework for other municipalities having the same challenges on development.

1.5 Reflections on adopted Methodology

The methodology adopted in this study was successful in addressing the goals and objectives of this study. The first objective sought to analyze the relationship between socio-economic index and SME dynamics which was successful through the correlation analysis adopted by the study. The second objective sought to assess the extent to which SME dynamics influence socio-economic wellbeing, which the multinomial regression analysis was well-suited for, in quantifying the impact of various SME related factors on the socio-economic status of households. The analysis was able to accommodate the different categories of outcomes (fair, poor, good) which are ideal for classifying the households' wellbeing into distinct categories. The study also adopted the descriptive research approach which brought the descriptive component that provided a detailed overview of the significant variables of this study i.e. job creation, income. The approach was able to provide foundational understanding of where SMEs are standing currently regarding the households in the Mbombela Municipality. On the other hand, the correlational research design was able to bring an aspect that gave a detailed overview of the significant variables of this study and the understanding of the indicators of socio-economic status of households. The methodology was able to give significant understanding of what the current t look of SMEs is and the state of households in the Mbombela municipality is. Even though the adopted methodology worked for the study because of its objectivity and statistical rigor, it can be enhanced by bringing in complementary qualitative methodologies to give in-depth contextual insights.

5.6 Limitations of the study

The study experienced various limitations. The major limitation was that there were some participants in the study who were uncomfortable with answering some of the questions, especially the demographic question regarding monthly income and level of education. Participants felt like they would be exposed, even though the researcher had already patiently explained the ethical considerations to them considering keeping their identities private and the information they provided confidential. People were expecting to get some form of compensation for being part of the research. It was not easy for the researcher to get people who willingly participated and understood that this research was for academic purposes, so there was no compensation. Getting the letter of permission from the Mbombela municipality took longer, which delayed the collection of data for the study.

5.7 Areas for Further Research

From the findings of the study which presents in brief the relationships between the chosen variables, one might be interested in exploring the long-term impact of SME dynamics on the socio-economic wellbeing of households.

- A longitudinal study may be conducted in order to track the long-term influence of improved access to financial resources on the performance of SMEs, the household income, as well as their socio-economic wellbeing. Conducting this study could give more insight into the specific time frames and conditions in which the access to financial resources could be more influential. Moreover, the study could also give into detail the sustainability of the relationships, particularly the positive relationships as presented in the finding of this study.

- A study looking beyond the SME dynamics such as income, quality of goods and services, focusing on exploring the influence of other socio-economic indicators such as housing quality, health and access to social services on the overall wellbeing of households. To give a better view of the various aspects of the household wellbeing, a multi-dimensional approach can be adopted.

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APPENDICES

ANNEXURE A: RESEARCH QUESTIONNAIRE

These are questions asked to people who are employed/participate in SMEs.

SECTION A: DEMOGRAPHIC VARIABLES

1. Age _____

2. Gender

Male	**Female**	**Other**
1	2	3

3. Household Size____

4. What is the highest level of education you have completed?

No Education	**Primary Education**	**Secondary Education**	**Tertiary Education**	**Other**
1	2	3	4	5

5. What is your employment status?

Employed Full-time	**Employed Part-time**	**Unemployed**	**Self-employed**	**Retired**
1	2	3	4	5

6. What is your work industry?

Agriculture	Advertising and Marketing	Computer and Technology	Construction	Other
1	2	3	4	5

7. What is your monthly income? _______

8. Marital Status

Married	**Divorced**	**Separated**	**Widowed**	**Single**
1	2	3	4	5

SECTION B: SOCIO-ECONOMIC INDEX

I. HUMAN CAPITAL

Codes: 1= Excellent, 2= Very Good, 3= Good, 4= Average, 5= Poor					
Questions	**1**	**2**	**3**	**4**	**5**
1. How would you rate the influence of SMEs on your work-life balance?					
2. How would you rate SMEs improvement to access to education?					
3. How is your satisfaction with your access to healthcare facilities?					
4. How would you rate your current medical aid?					
5. How is your satisfaction with how SMEs influence your skills?					
6. How is your satisfaction with how participating in the SMEs improved your knowledge?					
7. How would you rate how SMEs helped improve your quality of life?					
8. How would you rate the area you currently live in?					
9. How is your satisfaction with how your work surrounding improved your determination?					
10. How is your satisfaction with your overall human potential growth?					

II. FINANCIAL RESOURCE

Codes: 1= Excellent, 2= Very Good, 3= Good, 4= Average, 5= Poor					
Questions	**1**	**2**	**3**	**4**	**5**
1. How would you rate your access to assets?					
2. How is your satisfaction with your income/profit generation?					
3. How would you rate access to government funding?					
4. How is your credit record/access to private funding?					
5. How would you rate your satisfaction with how you could handle a major unexpected expense?					
6. How would rate the influence by SMEs on your access to credit/funding?					
7. How would you rate how your job has improved your affordability?					
8. How would you rate your overall access to goods and services?					
9. How would rate your access to ordinary and living expenses?					
10. How is your satisfaction with your savings?					

SECTION C: SME DYNAMICS

I) JOB CREATION

Codes: 1= Excellent, 2= Very Good, 3= Good, 4= Average, 5= Poor					
Questions	**1**	**2**	**3**	**4**	**5**
1. How is the access to job opportunities in your community?					
2. How would you rate the idea that "SMEs should be encouraged in order to stimulate innovation which leads to job creation?"					
3. How would you rate the contribution of SMEs in socio-economic activities?					
4. How is the dominance of SMEs in your area?					
5. How would you rate the influence of SMEs on job accessibility?					
6. How would you say job accessibility was before the SMEs in your area?					
7. How is your satisfaction with how SMEs create job opportunities?					
8.How would you rate your satisfaction with the idea of increasing SMEs to fight the limited access to jobs?					
9. How is your satisfaction with your job position?					
10. How would you rate the statement that "SMEs contribute job creation?"					

II) INCOME

Codes: 1= Excellent, 2= Very Good, 3= Good, 4= Average, 5= Poor

Questions	1	2	3	4	5
1. How would you rate your income before your current job?					
2. How would you say your income is currently?					
3. How would you rate your financial stability?					
4. How is your satisfaction with your affordability?					
5. How would you rate the improvement of your income over the past years?					
6. How would you rate the contribution of your income in improving you standard of living?					
7. How would you rate the idea that SMEs help in tackling poverty through provision of income?					
8. How do you think the idea of supporting SMEs is in order to improve households income?					
9. How is the overall stability of your household?					
10. how would you rate the ability of your income to afford you daily needs and services?					

III) ACCESS TO FUNDING/CREDIT

Codes: 1= Excellent, 2= Very Good, 3= Good, 4= Average, 5= Poor					
Questions	**1**	**2**	**3**	**4**	**5**
1. How would you rate your access to funding before getting a job?					
2. How would you rate your current chances of accessing funding?					

3. How is your current credit score?					
4. How would you rate how having a job improved your credit score?					
5. How would you rate the influence of SMEs on access to credit?					
6. How would you rate the performance of SMEs that have access to funding?					
7. How would you rate the performance of SMEs on improving participants access to credit?					
8. How would you rate how having access to credit/funding has contributed in your life?					
9. How would you rate your experience with the credit/funding services?					
10. How would you rate your recommendation when it comes to seeking for funding or accessing credit?					

IV) ACCESS TO GOODS AND SERVICES

Codes: 1= Excellent, 2= Very Good, 3= Good, 4= Average, 5= Poor					
Questions	**1**	**2**	**3**	**4**	**5**
1. How would you rate the accessibility of goods and services in your area?					
2. How would you rate the contribution of SMEs to access of healthy food, health care facilities?					

3. How would you rate how SMs have improved the quality of goods and services available in your area?					
4. How is the contribution of availability of SMEs/having a job improved your accessibility to needed goods and services?					
5. How would you rate the contribution of availability of SMEs in your access to healthcare services?					
6. How is your satisfaction with your affordability of goods and services?					
7. How positive is your view on SMEs and improving the access to goods and services?					
8. How would you rate your satisfaction with your affordability of basic needs?					
9. How would you rate the government's effort in improving the access to goods and services of rural households?					
10. How was access to goods and services before getting a job?					

V) EDUCATION AND SKILLS

Codes: 1= Excellent, 2= Very Good, 3= Good, 4= Average, 5= Poor					
Questions	**1**	**2**	**3**	**4**	**5**
1. How would you rate the access to education in your area?					
2. How would you rate the quality of education in your area?					
3. How is your satisfaction with your current educational level?					

4. How would you rate your skills capacity to participate in SMEs?					
5. How would you rate the idea that "knowledge, skills, experience and talent are most important in entrepreneurship?"					
6. How would you rate how skill acquisition improves the potential and performance level of people participating in socio-economic activities?					
7. How would you rate how skill acquisition leads to income creation and result to overall development?					
8. How is your satisfaction with how having skills improves the potential of individuals' determination and thus potential?					
9. How would you rate how education and skills improves people peoples' chances to explore entrepreneurship?					
10. How would you rate the governments' efforts in improving the quality of education in you town?					

ANNEXURE B: LIFOMU LEMIBUTO LELICWANINGAKO

Lena yimibuto leto butwa bantfu labacashiwe/labahlanganyela emabhizinisini lamancane nalamakhulu.

SEHLUKO A: TINTSETFULELO TEBANTFU

1. Minyaka ______
2. Bulili ______

Mfana	Ntfombatane	Lokunye
1	2	3

3. Bukhulu belikhaya____
4. Nguyiphi imfundvo lephakeme kakhulu leniyifundzile?

Kute imfundvo	Imfundvo lesisekelo	Imfundvo lesetulu	Imfundvo lesetulu	Lokunye
1	2	3	4	5

5. Uyasebenta? Khetsa lana entasi

Ucashwe ngalokuphelele	Ucashwe ngokweskhashana	awusebenti	uyatisebenta	usephuyile
1	2	3	4	5

6. **Ngumuphi umkhakha losebenta kuwo?**

Tekulima	Kwenta nekukhangisa	I-Computer neTheknoloji	Kwakha	Lokunye

1	2	3	4	5

7. Ngumalini liholo lakho ngenyanga? _______

8. Simo semshado

Ushadile	**udivosile**	**uhlakanisile**	**umfelokati**	**awukhashadi**
1	2	3	4	5

SEHLUKO B: ISIHLOKO SEKUPHILA NEMALI

III. I-HUMAN CAPITAL (Inhlokodolobha yebantfu)

Emakhodi: 1 = Kuhle kakhulu, 2 = Kuhle kakhulu, 3 = Kuhle, 4 = Kulinganiselwe, 5 = Kuphansi					
Imibuto	**1**	**2**	**3**	**4**	**5**
1. Ungaluhlola njani lizinga le-SMEs lelitsintsa khona kulinganisela kwakho emkhatsini wemsebenti nemphilo yakho yangasese?					
2. Ungayilinganisela njani intfutfuko yetikhungo temfundvo letincane naletincane?					
3. Uyenetiseka yini ngekufinyelela kwakho etikhungweni tetemphilo?					
4. Ungakuchaza njani kusitwa kwakho kwanyalo ngekwelashwa?					
5. Ngabe wenetiseka yini ngendlela ema-SMEs lenta ngayo emakhono akho?					
6. Uyenetiseka yini ngekutsi kubamba kwakho lichaza ku-SMEs kukhulise lwati lwakho?					
7. Ungayichaza njani indlela ema-SMEs lasite ngayo ekutfutfukiseni lizinga lemphilo yakho?					
8. Ungatsini ngendzawo lohlala kuyo nyalo?					
9. Uyenetiseka yini ngendlela umsebenti wakho lowente ngayo kutsi utfutfukise kutimisela kwakho?					
10. Unelisekile yini ngekutfutfuka kwakho njengebantfu?					

IV. Tintfo letibalulekile TINKHONDVO TETIMALI

Emakhodi: 1 = Kuhle kakhulu, 2 = Kuhle kakhulu, 3 = Kuhle, 4 = Kulinganiselwe, 5 = Kuphansi					
Imibuto	**1**	**2**	**3**	**4**	**5**
1. Ungakuchaza njani kufinyelela kwakho etintfweni letitsite?					
2. Uyenetiseka yini ngemali loyitfolako?					
3. Ungakuchaza njani kufinyelela kutimali letivela kuhulumende?					
4. Unjani umlandvo wakho wetikweleti/kufinyelela kwakho kutetimali tangasese?					
5. Ungakuchaza njani kwenetiseka kwakho ngekutsi ukhone kunakekela indleko lenkhulu lebewungakayilindzeli?					
6. Ungaluhlola njani lizinga le-SMEs lelikutsintsa ngalo kutfola imali?					
7. Ungayichaza njani indlela umsebenti wakho lokutfutfukise ngayo kukhokha kwakho?					
8. Ungakukhombisa njani kufinyelela kwakho jikelele kutintfo netinsita?					
9. Ungakukhokhela njani kukhokhela tindleko tekuphila?					
10. Unelisekile yini ngemali yakho loyigcinile?					

SEHLUKO C: KUSEBENTIWA KWABANTFU LABANCINISEKE

VI) Kwentiwa kwematfuba emsebenti

Emakhodi: 1 = Kuhle kakhulu, 2 = Kuhle kakhulu, 3 = Kuhle, 4 = Kulinganiselwe, 5 = Kuphansi					
Imibuto	**1**	**2**	**3**	**4**	**5**
1. Kunjani kutfolakala kwematfuba emsebenti endzaweni yakini?					
2. Ungasibona njani lesimo sekutsi ?ema-SMEs afanele akhutsatwe kute kukhutsatwe kwentiwa kwetintfo letinsha letiholela ekudalweni kwematfuba emsebenti?					
3. Ungasibeka njani sicelo semali lesikhokhwa ngema-SMEs emisebentini yetemnotfo?					
4. Ngabe linjani lizinga lekubusa kwe-SMEs endzaweni yakini?					
5. Ungaluhlola njani lizinga lekutsintfwa kwemabhizinisi lamancane nalamakhulu ekutfolweni kwemisebenti?					
6. Ungasho kanjani kutsi kutfolakala kwemisebenti bekubaluleke kakhulu kunemabhizinisi lamancane nalamakhulu endzaweni yakini?					
7. Unelisekile yini ngendlela ema-SMEs lenta ngayo ematfuba emsebenti?					
8. Ungakukhombisa njani kwenetiseka kwakho ngemcondvo wekukhulisa ema-SMEs kute kulwisane nekufinyelela lokulinganiselwe kwemisebenti?					
9. Unelisekile yini ngemsebenti wakho?					

10. Ungasichaza njani lesitatimende lesitsi ?? ema-SMEs enta lokunyenti ekwakheni ematfuba emisebenti?					

VII)

Emakhodi: 1 = Kuhle kakhulu, 2 = Kuhle kakhulu, 3 = Kuhle, 4 = Kulinganiselwe, 5 = Kuphansi					
Imibuto	**1**	**2**	**3**	**4**	**5**
1. Bewutawutichaza njani umholo wakho nawusengakacali kusebenta?					
2. Ungatsi umholo wakho ungakanani nyalo?					
3. Ungasichaza njani simo sakho semali?					
4. Uyenetiseka yini ngemali loyitfolako?					
5. Ungakuchaza njani kutfutfuka kwemali loyitfolako kuleminyaka leyendlulile?					
6. Ungasichaza njani sabelo semali yakho lengenako ekutfutfukiseni lizinga lakho lekuphila?					
7. Ungasibona njani lesimo sekutsi ema-SMEs asite ekulweni nebuphuya ngekuniketa imali lengenako?					
8. Ngabe ucabanga kutsi lomcondvo wekusekela ema-SMEs uyasebenta ekutfutfukiseni imali lengenako yemakhaya?					
9. Umndeni wakho usesimeni lesihle yini?					
10. ungalinganisa njani likhono lemholo wakho lekukwati kuhlangabetana netidzingo takho tamalanga onkhe kanye netinsita?					

VIII) Kufinyeleleka Kwetimali/Kwelikhredithi

Emakhodi: 1 = Kuhle kakhulu, 2 = Kuhle kakhulu, 3 = Kuhle, 4 = Kulinganiselwe, 5 = Kuphansi					
Imibuto	**1**	**2**	**3**	**4**	**5**
1. Ungakuchaza njani kutfola kwakho imali ngaphambi kwekutsi utfole umsebenti?					
2. Ungawabeka njani ematfuba ekutsi utfole imali?					
3. Unjani umholo wakho wesikweleti?					
4. Ungayilinganisela njani indlela umsebenti lowente ngayo kutsi ube nesikweleti lesincono?					
5. Ungaluhlola njani lizinga lekutsintsa kwemabhizinisi lamancane nalamakhulu ekutfoleni imali?					
6. Ungasibeka njani sisekelo semisebenti yemabhizinisi lamancane nalamancane lanekufinyelela kutetimali?					
7. Ungaluhlola njani luhlelo lwema-SMEs lwekwenta ncono kufinyelela kwebahlanganyeli kutemali?					
8. Ungakuchaza njani kutsi kutfola sikweleti/imali kube nemtselela muni emphilweni yakho?					
9. Ungaluchaza njani lwati lwakho ngemisebenti yetikweleti/yemali?					
10. Ungasibeka njani sicelo sakho uma kuziwa ekufuneni imali nobe kutfola sikweleti?					

X) KUFIKELWA KWAKHO KWETINTSEKO NEMISEBENTI

Emakhodi: 1 = Kuhle kakhulu, 2 = Kuhle kakhulu, 3 = Kuhle, 4 = Kulinganiselwe, 5 = Kuphansi					
Imibuto	**1**	**2**	**3**	**4**	**5**
1. Ungakuchaza njani kufinyeleleka kwetimphahla netinsita endzaweni yakini?					
2. Ungaluhlola njani lusito lwema-SMEs ekutfoleni kudla lokunemphilo kanye netikhungo tetemphilo?					
3. Ungasibeka njani silinganiso sekutsi i-SMs ilutfutfukise njani lizinga lemikhicito netinsita letikhona endzaweni yakini?					
4. Kufinyeleleka kwemabhizinisi lamancane nalamancane/kuba nemsebenti kukwenta njani kutsi utfole tintfo netinsita lotidzingako?					
5. Ungakukhombisa njani kubaluleka kwekutfolakala kwe-SMEs ekufinyeleleni kwakho etinsitweni tetemphilo?					
6. Ngabe wenetiseka kangakanani ngekubita kwemikhicito kanye netinsita?					
7. Umbono wakho ngemabhizinisi lamancane nalamancane kanye nekwenta ncono kufinyeleleka kwemikhicito kanye netinsita ulunge kanganani?					
8. Ungakuchaza njani kwenetiseka kwakho ngekuba nemali leyenele yekunakekela tidzingo takho letisisekelo?					
9. Ungaluhlola njani luhlelo lwahulumende lwekwenta ncono kufinyeleleka kwetintfo netinsita emakhaya asemaphandleni?					

10. Bekunjani kutfola timphahla netinsita ngaphambi kwekutsi utfole umsebenti?					

IX) IMFUNDZO NEMAKHONO

Emakhodi: 1 = Kuhle kakhulu, 2 = Kuhle kakhulu, 3 = Kuhle, 4 = Kulinganiselwe, 5 = Kuphansi					
Imibuto	**1**	**2**	**3**	**4**	**5**
1. Ungakuchaza njani kutfolakala kwemfundvo endzaweni yakini?					
2. Ungalichaza njani lizinga lemfundvo endzaweni yakini?					
3. Unelisekile yini ngemfundvo yakho yanyalo?					
4. Ungaluchaza njani likhono lakho lekufaka sandla kuma-SMEs?					
5. Ungawuhlola njani lombono lotsi ?Lwati, emakhono, lwati kanye nelikhono kubaluleke kakhulu kubosomabhizinisi?					
6. Ungalinganisa njani kutsi kutfola emakhono kwenta ncono likhono kanye nelizinga lekusebenta kwebantfu labadlala indzima emisebentini yetemnotfo?					
7. Ungayichaza njani indlela kutfola emakhono lokuholela ngayo ekwakheni imali kanye nekutfutfukisa wonkhe umuntfu?					
8. Ngabe wenetiseka kangakanani ngekutsi kuba nemakhono kutfutfukisa likhono lemuntfu lekuba nesibindzi futsi ngaleyo ndlela kutfutfukisa likhono lemuntfu lekuba nemakhono?					

9. Ungalinganisa njani kutsi imfundvo nemakhono kuyenta ncono njani ematfuba ebantfu ekutsi bafune kuba bosomabhizinisi?					
10. Ungatichaza njani tindlela hulumende latisebentisako ekwenteni ncono lizinga lemfundvo edolobheni lakini?					

ANNEXURE C: CONSENT FORM

A Consent Form for Participation in the Study

I ………………………. agree to participate in a research project conducted by Thembelihle Kunene, who is doing her Master's degree in Development Studies at the University of Mpumalanga.

This participation form serves as permission that I am giving to the researcher regarding my full participation in this research.

The participation form also acknowledges the following aspects:

1. I have adequate information about the research topic, and I understand the study.

2. I understand that my participation is based on voluntary participation. Therefore, the role that I will play in the study has been clearly outlined to me and I understand the role.

3. I am fully aware that since my participation is voluntary and there is no force used on me to participate in the study. I can withdraw at any stage of the researcher when I no longer feel comfortable sharing any information.

4. I understand that during the data collection process, the researcher will take written notes and use a tape recorder to record our conversation for the purpose of the study. I give the researcher full permission to take written notes and I am aware that I can choose to not be recorded by the researcher.

5. I am aware that my anonymity, privacy and confidentiality will be respected in this study. Therefore, the researcher will only share information that I have fully agreed upon for the need of the study.

…………………………	………………………………….
Participant's signature	Date
T. Kunene	…………………………………
Researcher signature	Date

Thank you for your contribution.

ANNEXURE D: (Translated Consent Form): LIFOMU LEMVUME

Lifomu lekuvuma kuhlanganyela kulolucwaningo

Ngiyavuma kunayincenye yelucwaningo loholwa nguThembelihle Kunene, lowenta i-Master’s degree yakhe ku-Development Studies eNyuvesi yaseMpumalanga.

Lelifomu lekufaka sandla lisebenta njengemvumo lengiyiniketa umcwaningi mayelana nekuhlanganyela kwami ngalokuphelele kulolucwaningo.

Lelifomu lekufaka sandla liphindze livume naku lokulandzelako:

1. Nginalo lwati lolwenele lolumayelana nalolucwaningo futsi ngiyalucondza lolucwaningo.

2. Ngiyavisisa kutsi kungenelela kwami kusekelwe ekutimiseleni. Ngako-ke, indzima lengitayidlala kulolucwaningo ngiyivisise kahle futsi ngiyayicondza.

3. Ngiyati kahle kamhlophe kutsi kubamba lichaza kwami kulolucwaningo kutawuba ngekutitsandzela futsi kute umuntfu lotangicindzetela kutsi ngibambe lichaza. Ngingayekela noma ngabe ngusiphi sigaba salolucwaningo uma ngingaphindzi ngitive ngikhululekile kucoca ngalolwati lenginalo.

4. Ngiyavisisa kutsi ngalesikhatsi kuhlanganiswa lwati, umcwaningi utawutsatsa tincwadzi letibhalwe phasi futsi asebentise umshini wekubhala kute abhale inkhulumo yetfu ngenjongo yekwenta lucwaningo. Ngimvumela ngalokuphelele umcwaningi kutsi abhale phasi futsi ngiyati kutsi ngingakhetsa kungabhaliswa nguye.

5. Ngiyacaphela kutsi kungabonakali kwami, imfihlo yami kanye nemfihlo kutawuhlonishwa kulolucwaningo. Ngako-ke, lomcwaningi utawugucula kuphela lwati lengivumelane ngalo ngalokuphelele ngesidzingo salolucwaningo.

....	....
Kusayinwa kwemhlanganyeli	Lusuku
T. Kunene..............	……………………………
Kusayinwa ngumcwaningi	Lusuku

Ngiyabonga luvo lakho

ANNEXURE E: LETTER OF REQUEST FOR PERMISSION

University of Mpumalanga

Private Bag X11283

Mbombela

1200

20 September 2023

The Municipal Manager

Mbombela Municipality

P.O. Box 45

Mbombela

1200

Dear Sir/Madam

I am a student registered for Master's Degree in Development Studies at the University of Mpumalanga. I hereby request permission to conduct research in Kabokweni, Kanyamazane, Mbombela, Tekwane and White River situated within the Mbombela Municipality.

The proposed title of my research is SMEs Dynamics and the Socio-Economic Wellbeing of Households: Evidence from Mbombela Municipality, South Africa. With this letter, I have attached the data collection instruments that I will use to collect data from the participants of the study. Should you wish to obtain more information or have questions related to the study, please do not hesitate to contact me. My contact details are as follows:

Cell phone number: 0713194393

Email address: 201826003@ump.ac.za

I hope my request will be in order to meet your set requirements.

Yours Faithfully

Thembelihle Kunene

ANNEXURE F: RESEARCH ETHICS CLEARANCE FORM

UNIVERSITY OF MPUMALANGA

RESEARCH ETHICS CLEARANCE FORM

ETHICAL CLEARANCE

This form is to accompany any application seeking ethics approval for a research project. It is designed to identify the nature of any ethical issues raised by the research. This form must be completed by the **researchers** as well as the **Research Ethics Committee of the UMP**, before potential participants are approached to take part in any research.

PART 1				
1. Name of Researcher/s: Thembelihle Kunene				
	E-mail/s	201826003@ump.ac.za	Telephone number/s	0713194393
	Department / School / Faculty	Development Studies		
	Mbombela Campus			
2. Title: SMEs Dynamics and the Socio-Economic Wellbeing of Households: Evidence from Mbombela Municipality, South Africa.				

3. Funders/sponsors (where relevant): NRF
FOR OFFICIAL USE ONLY **PART 2**

Has the project been approved by the:	***For official use only*** **Faculty / School's Research Committee**		***For official use only*** **UMP Research Ethics Committee**	
	Yes		Yes	
	No		No	

PART 3				
TO BE COMPLETED BY THE RESEARCHER		***For official use only*** Please mark an X in the appropriate column/box		
		Yes	**No**	**Not certain**
1. Consent				
i	Does the study involve participants lacking the capacity to give informed consent or those who may have difficulty giving meaningful consent (e.g. children)? (Please give age)		X	

	RESPONSE / MOTIVATE:			
ii	Are subjects to be involved in the study without their knowledge and consent (e.g. through internet-mediated research, or via covert observation of people in public places)? ***RESPONSE / MOTIVATE:***		X	
iii	Will the participants be informed of the nature of their involvement in the collection of data - of all features of the research that reasonably might be expected to influence willingness to participate? ***RESPONSE / MOTIVATE:***	X		
iv	Will the participants be told that they can discontinue their participation at any time? ***RESPONSE / MOTIVATE:***	X		
v	Will participants or their guardians be asked to sign Consent Forms? a) If not, will consent be verbal or implied?	X		

	RESPONSE / MOTIVATE:			
2. No Harm				
i	Could the study induce unacceptable psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life? ***RESPONSE / MOTIVATE:***		X	
ii	Will drugs or other substances (e.g., alcohol, drinks, foods, food or drink constituents, dietary supplements) be administered to the study participants? ***RESPONSE / MOTIVATE: food will be administered***	X		
iii	Does the study involve physical stress (or the participant's expectation thereof), such as might result from heat, noise, electric shock, pain, sleep loss, deprivation of food and drink)? ***RESPONSE / MOTIVATE:***		X	
iv	Does the study involve the induction of mental discomfort in the participants (examples: fear, anxiety, loss of self-esteem, shame, guilt, embarrassment, becoming aware of personal weaknesses)? ***RESPONSE / MOTIVATE:***		X	

v	Does the study involve invasive, intrusive or potentially harmful procedures? For example, these may include, but are not limited to, electrical stimulation, heat, cold or bruising. ***RESPONSE / MOTIVATE:***		X	
vi	Are there any particular groups who are likely to be harmed by dissemination of the results of this project? ***RESPONSE / MOTIVATE:***		X	
3. Confidentiality/Anonymity				
i	Will research involve the sharing of data or confidential information beyond the initial consent given? ***RESPONSE / MOTIVATE:***		X	
ii	Will the study involve respondents to the internet or other visual/vocal methods where respondents may be identified? ***RESPONSE / MOTIVATE:***		X	
iii	Does the study make clear what will be done to ensure anonymity/confidentiality, especially if it involves the processing of sensitive data (e.g. health, sexual lifestyle, ethnicity, political opinion, religious or philosophical conviction)? ***RESPONSE / MOTIVATE:***	X		

iv	Is there a risk that the research might lead to disclosures from participants concerning their involvement in illegal activities? ***RESPONSE / MOTIVATE:***		X	
v	If data is going to be obtained via the internet, have data protection protocols been specified? ***RESPONSE / MOTIVATE:***	X		
vi	Will any third party have access to participant data during the course of the research? ***RESPONSE / MOTIVATE:***		X	
vii	Could publication of the research results possibly interfere with strict confidentiality? ***RESPONSE / MOTIVATE:***		X	
4. Research Design / Methodology				
i	Will the study involve actively deceiving the participants, (e.g., will participants be deliberately falsely informed, will information be withheld from them or will they be misled in such		X	

	a way that they are likely to object or show unease when debriefed about the study) ***RESPONSE / MOTIVATE:***			
ii	Has care been taken to ensure that data collection will be as valid and reliable as possible? ***RESPONSE / MOTIVATE:***	X		
iii	Has care been taken to ensure that participants can contribute fully and equally to the study (e.g. access to technology)? ***RESPONSE / MOTIVATE:***	X		
iv	Where appropriate and applicable, have measures been included to promote diversity and equity in terms of the population and focus of the study (e.g., gender, race, age, sexual orientation, disability, etc.)? ***RESPONSE / MOTIVATE:***	X		
v	Are all methods, tools and instruments sensitive and appropriate to the context/participants?	X		

	RESPONSE / MOTIVATE:			
vi	Is there evidence of the critical evaluation of source material or an indication of how source material will be critically evaluated (to ensure reliability/credibility)? ***RESPONSE / MOTIVATE:***	X		
Vii	***RESPONSE / MOTIVATE:***			
Viii	Have norms or norming procedures (where relevant) been described and are they appropriate? ***RESPONSE / MOTIVATE:***	X		
5. Integrity and Honesty				
i	Is the proposal well referenced and demonstrate a wide range of reading/awareness? ***RESPONSE / MOTIVATE:***	X		

ii	Have the qualifications of the researcher/researchers been provided and verified and are they suitable/appropriate for the study? ***RESPONSE / MOTIVATE:***	X		
iii	Does the proposal indicate how the researcher/s will report back to funders/sponsors? ***RESPONSE / MOTIVATE:***		X	
iv	Does the proposal set out what steps will be taken to disseminate the results to interested participants/affected parties? ***RESPONSE / MOTIVATE:***		X	
v	Does the proposal indicate how results will be disseminated and demonstrate awareness of possible intellectual property rights? ***RESPONSE / MOTIVATE:***	X		

6. Environmental impact *(if applicable)*				
i	Does the proposal indicate what measures will be taken to ensure that the study will not harm or damage the ecosystem or natural/social environment or how these will be restored/rehabilitated after the study? ***RESPONSE / MOTIVATE:***	X		
ii	Does the study involve any form of genetic modification (where relevant)? ***RESPONSE / MOTIVATE:***		X	
7. Financial Obligations				
i	Are there payments to the researchers/participants that may have an impact on the objectivity of the research? ***RESPONSE / MOTIVATE:***		X	
ii	Have sample contracts been provided for any study involving remuneration agreements for participants? ***RESPONSE / MOTIVATE:***		X	

ii	Have budget requirements been responsibly considered and met? ***RESPONSE / MOTIVATE:***	X		
8. Conflict of Interest				
i	Is there any potential conflict of interest regarding the researcher and/or participants? ***RESPONSE / MOTIVATE:***		X	
9. For research involving animal subjects *(if applicable)* *NOT APPLICABLE*				
i	Does the proposal indicate what measures will be taken to eliminate or minimise any potential pain, anxiety or discomfort that may be caused to the animals? ***RESPONSE / MOTIVATE:***			
ii	Have any manipulations to be performed on the animals been described in appropriate detail? ***RESPONSE / MOTIVATE:***			
iii	Will any of the proposed manipulations potentially affect the well-being of the animals? ***RESPONSE / MOTIVATE:***			
iv	Will any form of restraint be used on the animals? ***RESPONSE / MOTIVATE:***			

v	Does the proposal indicate in sufficient detail how the animals will be cared for (e.g. access to water/feeding regimen)? ***RESPONSE / MOTIVATE:***			
vi	Will the animals be kept in a safe environment for the duration of the study? ***RESPONSE / MOTIVATE:***			
vii	Has a plan been provided for what will happen with the animals after the study has been completed (e.g. euthanasia)? ***RESPONSE / MOTIVATE:***			
viii	Does the proposal stipulate the use (dose rate and route of administration) of any pharmological agent to be applied to the animals? ***RESPONSE / MOTIVATE:***			
ix	Has provision been made for a suitably qualified person to monitor the well-being of the animals and does the proposal indicate their experience/qualifications? ***RESPONSE / MOTIVATE:***			

FOR OFFICIAL USE ONLY **PART 4 – ETHICAL CLEARANCE**		
Ethical clearance granted	**Yes**	**No**
Comments:		

CHAIR OF RESEARCH ETHICS COMMITTEE

RESEARCHER (S)

Name: Thembelihle Kunene

____

Signature

____

Signature

ANNEXURE G: ETHICAL CLEARANCE CERTIFICATE

Faculty Research Ethics Committee **FREC-UMP**

UNIVERSITY OF MPUMALANGA

Ref: UMP/Kunene/Feb/2024
Date: 27 February 2024

Thembelihle Kunene [201826003]
School of Development Studies

RE: APPROVAL FOR ETHICAL CLEARANCE FOR THE STUDY:
SMEs Dynamics and the Socio-Economic Wellbeing of Households: Evidence from Mbombela Municipality, South Africa

Reference is made to the above heading.

The Chairperson, on behalf of the Faculty Research Ethics Committee (Faculty of Economics, Development and Business Sciences) UMP, approved the ethical clearance of the above-mentioned study. Any alteration/s to the approved research protocol i.e., Questionnaire/Interviews Schedule, Informed Consent form, Title of the Project, Location of the Study, Research Approach, and Methods must be reviewed and approved through the amendment/ modification prior to its implementation.

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

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

Boshoff.

Dr. Dorothea Boshoff
Secretary: FREC,
Faculty of Economics, Development and Business Sciences
University of Mpumalanga

ANNEXURE H: LETTER OF CONFFIRMATION TO CONDUCT RESEARCH

Civic Centre
1 Nel Street
Mbombela 1201
Republic of South Africa

CITY OF MBOMBELA
THE ULTIMATE DESTINATION

P O Box 45
Mbombela 1200
Republic of South Africa
Tel: +27 (0) 13 759-9111
Fax: +27 (0) 13 759-2070

OFFICE OF THE CITY MANAGER

Tel: 013 759 2041
Enq: Ms. Busi Sithole

06 June 2024

University of Mpumalanga
Private Bag X 11283
Mbombela
1200

Attention: Ms. Thembelihle Kunene

Dear Madam,

RE: LETTER OF REQUEST FOR PERMISSION

Your letter dated 20 January 2024 on the abovementioned subject has reference.

The City of Mbombela hereby grants you permission to conduct the research study titled ***" SMEs dynamics and socio-economic wellbeign of households: evidence from Mbombela municipality, South Africa".***

Please take note that the municipality will not be liable for any financial responsibility on this study. Kindly ensure that the work of employees is not interrupted and consent is obtained from each participant before the actual research is conducted.

We wish you all the best with your research and would appreciate if you share with us the research outcomes and recommendations.

Regards,

W J KHUMALO
CITY MANAGER