

RESEARCH ARTICLE:

An Evaluation of the Factors that Impact the Sustainability of Maritime SMMEs in the Kwazulu-Natal Province

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Abstract

The general state of entrepreneurship reveals that despite the efforts of the South African government to stimulate entrepreneurship through a policy framework, many SMMEs remain unsustainable. SMMEs in the country continue to experience a high failure rate of almost 70% to 80% within the first 5 years of operation. Policymakers have attempted to advance local economic development through various developmental models, as key economic development drivers, without success. Studies reveal that there is a misalignment in the various developmental instruments aimed at the development of the SMME sector and its reality. This study sought to explore challenges faced by SMMEs within the ocean economy in KZN province. This study was conducted with SMMEs in the ocean economy in the KZN province. Semi-structured qualitative interviews were conducted with 12 SMMEs participating in the ocean economy in the KZN province. Thematic analysis was used to analyse the data. The generated data from the research study showed that entrepreneurs are faced with various challenges which influence the organisation's capacity to operate appropriately and sustainably. Understanding key challenges faced by entrepreneurs in the ocean economy in the province can help policymakers and entrepreneurs to navigate sustainable approaches to the sector's development.

Keywords: ocean economy; maritime economy; entrepreneurship; SMMEs; KZN

Introduction

The KwaZulu-Natal (KZN) 2030 provincial vision aims to position the province as a prosperous and skilled province by 2030 (PGDS, 2012). In line with the National Development Plan (NDP), Industrial Policy Action Plan 2 (IPAP 2) and the KZN Provincial Growth and Development Plan, the KZN Department of Economic Development and Environmental Affairs (EDTEA) has developed an Integrated Maritime Development Strategy that is focusing on developing and maximising the potential of the KwaZulu-Natal Maritime sector. Aligned to the African Integrated Maritime Strategy (AIMS, 2050), the 2030 vision of the KZN Province is to reposition KZN as a logistic gateway into Africa and the rest of the world. In this regard, the province has enacted several policy frameworks (KwaZulu-Natal Provincial Planning Commission, 2012). The draft KZN Integrated Maritime Strategy (KIMS) aims to develop the maritime sector in the province, through key policy interventions (KZNPPC, 2011). This strategy's goal is to deliver a comprehensive approach to the maritime sector's development and growth, resulting in significant economic and employment opportunities. Tourism, aerotropolis, environment protection, industrial economic centers, and special economic zones are the 5 strategic elements of EDTEA, and maritime development is among them (KZNPPC, 2011). It is evident that the KZN provincial government regards the maritime sector as one of the strategies for sustainable economic development in the province, for example, through entrepreneurial opportunities within the sector. However, the general state of entrepreneurship reveals that despite the efforts of the South African government to stimulate entrepreneurship through a policy framework, many SMMEs remain unsustainable. SMMEs in the country continue to experience a high

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failure rate of almost 70% to 80% within the first 5 years of operation (Fatoki, 2014). This reflects the country as having the highest SMME failure rate in the world.

In addition, South Africa has low entrepreneurial intentions with few people with intentions to start a business. Such poor survival patterns have been documented by the Global Entrepreneurship Monitor Report (2020). South Africa's entrepreneurial ecosystem was rated as one of the most challenging in the sample of participating economies and has exhibited little sign of improvement over the past few years. Additionally, South Africa's survival rates for local start-ups in South Africa are lower in comparison to global standards, with only three out of ten start-ups progressing into established businesses (Bosma *et al.*, 2021; Global Entrepreneurship Monitor, 2020). South Africa is a maritime nation with maritime interests spanning over 3,000-km coastline along the Atlantic, Indian, and Southern Oceans with Exclusive Economic Zone (EEZ) jurisdiction of 1.5 million km² of ocean space (Walker 2018; Funke *et al.*, 2016; SAMSA, 2012). The South African maritime trade accounts for 3.5% of world sea trade and the maritime sector is responsible for moving 80% of trade through the country's oceans (Walker 2018; Funke *et al.*, 2016;). With this sizeable contribution, the maritime sector has an opportunity to ramp up its contribution to economic growth by sustainably leveraging its rich marine resources to boost the country's economic development (Walker, 2018; Funke *et al.*, 2016;). Despite the significance of the maritime sector in the country, the sector remains underdeveloped, under-resourced and fragmented, operating in a virtual vacuum since the democratic dispensation in 1994 (SAMIC, 2012). The sector's deficiencies impede the sector's ability to contribute meaningfully to sustainable economic development (SAMIC, 2012).

Almost 90% of global trade is transported by sea, shipping is undoubtedly among the most international sectors on the planet (Prokopenko and Miśkiewicz, 2020). Globalization is inextricably linked to the maritime sector. Globalization has aided global economic growth by linking a variety of global marketplaces with a variety of trades. The effectiveness of a country's marine transport infrastructure has a direct impact on its trade, while governments must also identify and analyse the pertinent challenges affecting worldwide seaborne business as well as requirements for marine transportation. Hence, the role of shipping as a driver of socio-economic development cannot be overly stressed. Socio-economic development simply would not be possible if it were not for ships and the maritime industry. The United Nations (2016) expressed on the same note that maritime activity maintains an important role in the alleviation of extreme poverty and hunger as it already offers an important source of employment and income for many developing countries, such as the supply of seafarer personnel and ship recycling, ship owning and operating, shipbuilding and repair and port services, among others (United Nations, 2016).

Literature Review

The maritime sector is composed of organisations and activities such as maritime transportation, the naval industry commercial fishing and aquaculture industry, the cruise and recreational sector, sport and commercial ports and marinas, marine energy sources, navies, marine and ocean research and sciences, maritime training academies and training centres, a wide range of professional services around the maritime activities, and professional associations, trade unions and organisations supporting the rights and interests of seafarers and maritime professionals (Prokopenko and Miśkiewicz, 2020). The maritime sector is of crucial importance to modern societies. Around 50,000 merchant ships, registered in over 150 nations and manned by over a million seafarers of nearly every nationality, transport every kind of cargo internationally (Prokopenko and Miśkiewicz, 2020). Several thousand oil rigs and support and supply offshore vessels are engaged in the exploration and drilling for oil and gas in almost every corner of the globe. Nearly four million commercial fishing vessels ply the seas and oceans at any given moment (Prokopenko and Miśkiewicz, 2020). The maritime and transport sector is a high-impact sector that contributes significantly to South Africa's development (Dlamini, 2020; Department of Transport Comprehensive Maritime Transport Policy;(CTMP, 2017). Despite its importance, South Africa's Maritime Transport Sector lacks the required tools to grow and play a role in its rapid development (CTMP 2017; SAMIC, 2012). SAMIC (2012) advises that the maritime transport sector has likely to be revitalised and expanded to contribute even more to South Africa's economic growth and transformation. This should be considered as part of a more significant effort to help become a more competitive global trading nation to assume its proper place among the world's top maritime nations (CTMP, 2017; SAMIC, 2012).

The maritime sector contributes significantly to the economy. This is especially true in South Africa, in which exports account for 28 percent of the country's GDP. The ports handle approximately 90 percent of S.A commerce, which involve more than 150 million metric ton of cargo as well as around 3 million repositories every year (Findlay, and Bohler-Muller, 2018). Furthermore, the ports of South Africa provide just a channel for trade between both the country and its African trading partners. South Africa's global competition as well as the effectiveness of the country's import demand, require port dependability, ship handling efficiency, and price competitiveness, which are critical. South Africa, unquestionably a maritime nation, has an interest in the Indian, Atlantic, and Southern Oceans encompassing a 3,000-kilometer coastline (Mokhele, 2013). South Africa's coastal comprises of residence to 30 percent of the total country's population. The country has also eight commercial ports and 44 non-commercial harbours and is located on a significant maritime route. Furthermore, commerce accounts for 58 percent of South Africa's GDP, with ships transporting 98 percent of the country's trade volume. Furthermore, the country accounts for over 3 percent of the world's larger consignment commerce production (Mokhele, 2013). Based on tonnage handled, South Africa has become one of the 20 largest maritime nations.

KZN has abundant maritime and resources, including several of Africa's as well as the Southern Hemisphere's biggest ports, many kilometers of coastline, and waterways (SAMSA, 2016). The Maritime sector in KZN is divided into several sectors (cargo and logistics, ancillary maritime support programs, tourism, marine power, catching fish, aquaculture, and mariculture), with freight and logistics that are positioned on 2 main transportation hubs, this same port of Richards Bay and Durban, each one serves a major port (SAMSA, 2018). These locations are served by linked to regional and road and rail which are national infrastructures, allowing the KZN system to be integrated into national commerce channels through the N2 and N3 routes and specialized rail links (SAMSA, 2016). Through a specialized exporting terminus, Port of Durban services various important businesses in eThekweni and even outside, including auto, retail sectors, petrochemicals, and agricultural. The extra infrastructure of specialized pipelines and rail links aids in the extension of this articulation into South Africa's deeper hinterlands (SAMSA, 2016). Bulk and breakbulk goods can be handled at the Port of Richards Bay. Exporting coal is transported over a specialized rail connection between Mpumalanga and Richards Bay. The economy of the city of uMhlatuze port plays a vibrant role, with its developing industrial base especially in the IDZ's prospective growth region, in a count of offering unpackaged abilities for the massive locality of the country (SAMSA, 2016). The ports function as complementary parts of the same system, with each specializing in the processing of strategic commodities. Aside from direct port-related freight activities, a variety of auxiliary operating services are included in the supply chain. Stevedoring and ship chandlers, clearance and forward, storage, security and custom, and harbour carriers are all connected operations and services. Indirect means, these encompass sectors like economic service and legal, administration, skill training and development (SAMSA, 2016). Given its high efficiency and higher, strong backward links to industries like steel manufacture, and skills development, the boat construction, and repair business provide the potential for economic growth and employment creation. In addition to freight and transportation, the maritime sector offers a variety of marine tourist and recreational activities. There is a thriving yachting and sailing society in and around the Durban and Richards Bay ports (SAMSA, 2016).

In line with the objectives of the province and country, as well as the vision of the 2050 African Integrated Maritime Strategy and Provincial Growth and Development Strategy and Plan, the draft vision for the KZN maritime Industry is "To position KZN as a gateway to South Africa, Africa, and the World, through efficient and sustainable utilisation of marine and maritime assets to stimulate economic growth and development" (KIMS, 2015). The Department of Public Enterprise's State-Owned Enterprise, Transnet National Ports Authority is the landlord of the South African Port System and has oversight placed upon it by the National Ports Regulator (a National Department of Transport structure), which also functions to promote competition between maritime sector businesses (KIMS, 2015). Unemployment has already been highlighted as one of the province's significant structural restrictions, contributing to high levels of inequality and poverty, as well as lowering the province's general quality of life (StatsSA, 2019). As a result, job creation is considered a fundamental strategy for achieving economic development and transformation. This would necessitate governmental and private sector legislative framework and initiatives to provide a more supportive environment for the creation of employment opportunities and equitable economic expansion through SMME creation and development (Shin *et al.*, 2018). In South Africa, SMMEs have been acknowledged as the backbone of the economy and drivers of economic growth and development (Bhorat *et al.*, 2018). The sector is responsible for solving the country's structural and socio-economic challenges by promoting sustainable local development (Dalberg, 2011). As such the South African

government has, through institutional and government support initiatives, prioritized this sector. In this regard, several policy frameworks have been enacted. The Ministry for Small Business Development was created to promote the growth and expansion of companies. Other institutions playing a similar role include the Integrated Development Plan 2004 to 2014, the National Small Business Act of 1996, in addition to the South African National Minor Trade Improvement as well as Improvement Approach (Bhorat *et al.*, 2018).

Herrington, Kew and Mwanga (2017) in the South Africa's GEM Report (2016/2017) presents a shocking picture of the level of business continuity in South Africa. Business investment in South Africa seems unproductive. Based on GEM Mature Statistics Survey; South Africans consume a positive view of free enterprise and 72.6% of African adults given 2006 entrepreneurs have good option (Herrington *et al.*, 2017). Despite evidence of a positive attitude towards entrepreneurship, only 35.0% of South African adults in 2016 saw good business opportunities in their area. Furthermore, the TEA (Total Early-stage Entrepreneurial Activity) ratio for S.A for 2016 was 6.9% (Herrington *et al.*, 2017). This is a 25% drop from the 2015 figures for the country. The TEA rate places South Africa 46th out of the 65 countries participating in the research in 2017. According to Cassim (2018) relative to South Africa's GDP per capita, the country's TEA rate should be in the order of 20% -nearly 3 times the current rate. In addition, the high discontinuance rate and the low levels of established business rates suggest that any gains from new businesses are cancelled by exits as reported in the most recent GEM Report (Herrington *et al.*, 2017). The GEM report indicated that there has been a steady decline in South Africa's established business rates in recent years. It shows that, in 2016, entrepreneurs who owned established businesses were 2.5% which reflected a 23% decline from the year 2015 and registered the lowest rate since 2011 (Herrington *et al.*, 2017). This shows that small business owners face a lot of challenges to sustain the business which leads to fewer ownerships of established businesses and high numbers of discontinuation of businesses. Business discontinuation acts as an indicator of the sustainability of the entrepreneurial economic system. According to the GEM research, the rate of business discontinuation in South Africa is significantly higher than the established company rate. In 2016, 67 percent of businesses closed owing to financial challenges, either because they were not successful or just because they couldn't get the finance they needed to stay in business (Herrington *et al.*, 2017).

Methodology

The data and findings reported here reports only on the qualitative component of the study, and in particular, the data and findings related to challenges faced by SMMEs in the ocean economy in KZN province. According to Leedeey and Ormrod (2015), a research design provides the structure or plan used to collect and analyse data. In addition, the research design is the general plan for the research (Saunders *et al.*, 2016). The research design chosen for this study was an exploratory case study design. The reason why this research design was adopted is that there is limited information about the SMME's in the ocean economy in KwaZulu-Natal. The study is framed within the interpretive perspective, where subjectivity is important in understanding individuals. The interpretive method was chosen as the most suitable to elicit detailed, rich descriptions of how entrepreneurs view challenges faced by SMMEs in the ocean economy in KZN province. Yilmaz (2013) notes that the interpretivist paradigm offers a world-view alignment with qualitative research which explores socially constructed phenomena and treats reality as dynamic, flexible, holistic and context-sensitive. Interpretive research thus seeks to understand participants' understandings of the research phenomenon through their written and spoken words and their behaviours in context. Qualitative research approaches are also normally adopted when observation, grounded theory, ethnography or case study strategies are chosen, as in the case of this study (Creswell, 2013; Sekaran and Bougie, 2013).

This study was conducted with SMMEs in the ocean economy in the KZN province. According to Sekaran and Bougie (2013: 262) the population includes "the whole group of people, objects, events, objects or significant events that are explored in the course of research". The population in the study comprised 200 SMME's that were involved in the ocean economy and registered on the Moses Kotane Institute database. Newman (2011: 240) describes the sample as "a small set of cases the researcher chooses in a large pool and integrates into people". To determine the sample, the researcher used the guidelines of Sekaran and Bougie (2016). The non-probability technique in the form of purposive sampling was selected as the sampling technique. Purposive sampling method was used to interview 12 SMME's involved in the ocean economy and registered on the Moses Kotane Database. The purposive sampling

technique was deemed a suitable technique as it enabled the selection of participants based on the characteristics the participants possessed, which were suitable for the study. However, due to constraints imposed by conducting the research during Covid-19 pandemic, the researcher had to, in addition to purposive sampling, used convenience sampling which was deemed suitable for an exploratory study such as this. According to Budden (2017) combining both purposive and convenience sampling enabled the researcher to select participants who have in-depth knowledge and understanding within the ocean economy. The sample falls within the guidelines provided by Creswell (2013) of between 12 and 30 interviews. Semi-structured interviews were conducted with entrepreneurs in order to generate rich data. A semi-structured interview technique is a commonly used qualitative data collection technique. According to Bryman (2008) semi-structured interviews are well suited to studies where specific lines of enquiry need to be explored, whilst still making space for the interviewee to add nuance, commentary and additional themes for consideration. The interviews sought to explore the respondents' perceptions regarding challenges SMME owners face in the ocean economy sector. A total of 12 interviews were conducted, each lasting 30–45 minutes between March–April 2020. Interviews were conducted via Microsoft teams and were recorded.

The recordings were securely stored electronically and then transcribed verbatim. Transcripts were proofread alongside the recording to ensure accuracy. The researcher also took notes during the interviews and recorded thoughts and insights immediately following each interview. The interview records were uploaded to NVivo 12, and each interview record was methodically read, and the most helpful information was coded into nodes as they are known in the NVivo 12 programme the twelve participants in the interviews were labelled as P01 to P12 in keeping with the privacy and confidentiality accords at the start of the study. During the coding procedure, themes that would answer the research questions were recognized. A thematic assessment technique of data analysis was adopted to evaluate the data provided as asserted by Braun and Clarke's (2006) thematic analysis. Thematic analysis is a thorough and inductive conventional procedure orchestrated to determine and evaluate themes from textual information with transparency and reliability. Using the thematic analysis approach, the information was sorted, coded, and classified once the audio interviews were transcribed, followed by the construction, processing, and winding up of themes. The analysis ensured that the information derived from the process is sensible and the coded data provides the most appropriate themes that address the research questions and aims of the study.

The main ethical considerations for this study were protecting the anonymity of participants in terms of storing data securely and privately and writing up the findings in a way that did not disclose identifying details (Creswell, 2013). Participants were given clear information about the study and advised of their right to withdraw without consequences at any time. The study was approved by the research ethics committee of the researcher's university prior to data collection. Results and findings from the data collected through the process of semi-structured interviews and the analysis of the data are outlined in this section.

Presentation of Data

The data gathered in the process of the research are presented in this section. Participants in-depth views on the objectives of this research are captured below:

Concept of ocean economy

The concept of the ocean economy within the South African context was discussed with the research participants. According to the participants, the concept of the ocean economy within the South African context contains the following elements: A concept designed by the government to help promote opportunities and a sea-based wealth creation concept, and often dominated by foreign companies. The participants understand the link between Operation Phakisa and the concept of the ocean economy and its significance for South Africa. The finding indicates that the participants understand the concept of the ocean economy and its strategic objectives and is supported and underpinned by operation Phakisa. Participants seem to understand that the ocean economy concept is aimed at an exploration of the country's blue ocean economic opportunities as indicated by participants and that it is aimed at promoting sea-based wealth creation for the country and that the concept was aimed at accelerating opportunities within the maritime sector. It was intended to accelerate opportunities in the sector. Participants believe that the ocean economy is important

because the South African business environment is not entrepreneurial, does not promote employment and is not extremely focused on job creation. The ocean economy promotes the development of maritime related businesses.

“Ocean economy is a concept designed by the South African government to help promote opportunities within the ocean economy and the maritime sector. It is aimed at unlocking all the economic benefits of the ocean economy in South Africa. Yes, I believe so, everyone was excited by operation Phakisa and there were many strategic business formations aimed at supporting the government's operation Phakisa initiative. So, I guess operation Phakisa somehow helped the ocean economy.” (P01).

“It is sea-based wealth creation.” (P03).

“It refers to activities happening within the ocean that economically contribute to the economy of the country.” (P04).

“Government must make maritime related opportunity. It was intended to accelerate opportunities in the sector.” (P07).

“A country's economy through maritime-related opportunities. For now, I only see it through maritime awareness programmes from the public sector like ASMOL. Ship building, bunkering, and maritime awareness. Maritime awareness, all repetitive content with no tangibles.” (P08).

“It is production, movement, and marketing of goods and services relating to the maritime sector. This is a legal business that collaborates on a specific business opportunity with subject matter experts to ensure profitable business development.” (P11).

The results show that the concept of ocean economy within the South African context is a government-designed concept to help promote opportunities through the marine economy. However, the study finds that the ocean economy within the South African context is often dominated by foreign companies. The participants believe that the ocean economy has been well promoted within the sector through maritime awareness programmes. However, there are no tangible results from the ocean economy opportunities.

Challenges faced by SMMEs within the ocean economy in KZN province

The challenges faced by SMMEs within the ocean economy in KZN were discussed by the research participants. The research participants mentioned the following as the challenges faced by SMMEs namely, red tape resulting from stringent regulation, lack of managerial skills, lack of access to marketing and advertising, lack of access to funding, logistics and lack of sufficient warehousing facilities, and lack of industry knowledge and entrepreneurial know-how. The generated data from those who participated in the research showed that entrepreneurs are faced with various challenges which influence the organization's capacity to operate appropriately and sustainably. Some of the challenges include stringent government regulation policy; inadequate financial support from money-lending institutions as well as the government. Participants contended that entrepreneurs in the ocean economy face challenging red tape, and strict government regulation which makes it impossible to both open and run a business. One of the main problems that were pointed out by participants as hindering the growth and survival of SMMEs in the ocean economy is access to finance. Data derived from the participants indicated that a lack of government support makes it difficult for entrepreneurs to access financial resources and is cited as one of the fundamental problems influencing the entrepreneurial leadership of most SMMEs in the research study.

Participants contended that entrepreneurs encounter many challenges including red tape and strict government regulation which makes it impossible to operate a business. Participants cited that the challenges they encounter include lack of government support and high barriers to entry which makes it difficult to access funds.

“There are many challenges faced by entrepreneurs which include red tape, strict government regulation which makes it impossible to both open and run a business. Also, there is no advertisement or marketing of opportunities within the ocean economy, so I have limited knowledge and understanding of what is going on there”. “Lack of government support. Difficulty in accessing funds to assist entrepreneurs in the sector” (P03).

Participants argued that the lack of financial assistance from banks is a major challenge for them to be functional. Some of the entrepreneurs across the ocean economy that were interviewed expressed how hard it was for them to get assistance from the banks. The participants indicated that although there are initiatives to support and assist entrepreneurs, they are not aware of such programmes. Participants reinforced that for the SMMEs in the ocean economy to acquire substantial assets, entrepreneurs either need private access to finance or they need access to credit. Findings revealed that access to finance and the amount of time required to obtain financial support, are major problems for entrepreneurs.

“Barriers of entry, high capital, lack of funding for 'services'. Yet the industry is largely a service one as opposed to production.” (P09).

“I understand that there are programs/initiatives in place, but these are not properly communicated and accessible to SMMEs, especially black-owned. I understand that initiatives are aiming to help SMME...but it is not clear as to whether these SMMEs benefit from these.” (P04).

“Only a small pocket of well-established organizations is surviving as barriers to trade are high from costs of running a business to market to pursue and capture.” (P11).

Participants argued that an increase in business support and government investment in assets is associated with significantly higher growth levels, particularly for SMMEs, and small businesses with the lowest levels of investment are most likely to decrease. The participants indicated that lack of available networks impedes the ability to leverage business opportunities within the sector. The lack of available networks impedes their ability to leverage business opportunities through the networks. Participants echoed that although business support programmes seem to be a government strategy, they are not empowered enough to cover other aspects or areas of the ocean economy such as ship repairing and maritime engineering.

“Lacks networks on which to leverage business opportunities and a conducive environment that nurtures business endeavours. Only a small pocket of well-established organisations are surviving as barriers to trade are high from costs of running a business to market to pursue and capture” (P10).

Participants believe that the government lacks understanding of the sector and to mitigate these challenges. Participants highlighted that the government should create maritime-related entrepreneurial opportunities and create better awareness of such opportunities so that entrepreneurs can capitalise on them.

“Government lacks the good understanding of the sector” (P09).

“Government must create maritime related opportunities. Yes, however, the knowledge on how to support SMMEs also lacks due to the lack of industry understanding.” (P08).

The impact of economic policy on the development and sustainability of maritime SMMEs in KZN

From the above analysis, there are many challenges faced by SMMEs within the ocean economy in KZN. The research also explores the participants' perceptions regarding the impact of economic policy on the development and sustainability of maritime SMMEs in KZN including lack of government-backed programmes, lack of effective communication and limited assistance. Participants confirmed that there is insufficient policy support for entrepreneurs in the ocean economy, despite the widespread undertaking and commitment by the government.

“Not really - government talks about all these initiatives and programs in the media but at the grassroots level, we do not see much action. It is all talk but no action. No - the government keeps saying there are programs and support for us as entrepreneurs but when you go to look for such help you are given too many reasons why you can't be helped by the very same institutions; it's really demotivating and disheartening. Why cannot we benefit? Where do I go for help? Who do I talk to? It would help if there was a standalone institute for helping SMMEs in the ocean economy.” (P01).

Furthermore, participants also indicated that they do not know of any assistance provided to SMMEs and entrepreneurs do not seem to benefit from these initiatives. Participants felt that the support programmes are there but are misunderstood, do not target and reach the right beneficiaries and that there is a lack of committed support implementers who can guide, support, implement and monitor the identified initiatives.

"I understand that there are initiatives aiming to help SMMEs. I am not clear as to whether these SMMEs really benefit from these. I do not have much experience in this regard, but I believe they are not effectively communicated, and their accessibility is limited to a chosen few." (P06).

"Not much assistance except eThekweni Maritime Cluster and Moses Kotane Institute but these institutions especially EMC have budgetary constraints" (P08).

"The initiatives are not clearly understood, they are not reaching the target market that can transform them to actionable ideas, the policies are not well communicated, programmes are not followed through, and their success measured. The concepts are there but there is a lack of committed initiative or programme directors who can guide, support, and see through the identified initiatives." (P12).

Effectiveness of the public-private-partnerships within the ocean economy

Participants commented that they have not engaged in private public partnerships PPPs and have limited knowledge of what PPPs do and how they would benefit entrepreneurs. One interviewee further elaborated that they had trouble accessing funds for projects identified through these partnerships. Some entrepreneurs confirmed that they tried on numerous occasions, but corruption, favoritism and unprofessional people made it a non-starter. Thus, the general feeling is that entrepreneurs do not know why PPPs were started and how entrepreneurs will benefit from them as entrepreneurs in the ocean economy as no one is driving these PPPs. SMMEs perceived serious obstacles to their engagement in PPPs and have identified barriers such as lack of awareness of opportunities, lack of knowledge of the procurement, difficulty in getting onto the approved supplier list and a complex tendering process.

"Not sure, but I believe it is for the limited few... I believe that is what it was aimed for, but I do not think it is sufficiently communicated to all who stand to benefit from it... It refers to any initiative aimed to specifically drive a particular purpose to its end or fulfilment. I think it is a good model that will assist SMMEs to benefit from the ocean economy if it is properly initiated and run." (P04).

"However, I believe the assistance is very limited to black entrepreneurs. They need financial support and training in this sector. My experience is difficulty in accessing funds for projects identified through these partnerships. (P07).

"All other funding institutions are sceptical to fund or help service-based companies." (P10).

"No, it is not effective as there are no tangible results that point to its effectiveness, e.g., new businesses that are flourishing." (P11).

The need to explore the concept of a sector-specific SPV for the development and sustainability of ocean economy SMMEs in the KZN province

When asked of their understanding of an SPV, participants demonstrated a good understanding of an SPV. Participants believed that the SPVs model is needed within the ocean economy as an alternative approach and should be dedicated to the entrepreneurs in the ocean economy and an SPV should be an institution that is supposed to be a vehicle of support for entrepreneurs.

"I think an SPV is a go-to when the government cannot help me, an SPV can help me as they are not run by the government but are independent institutions. (P05).

It is what we have been waiting for - an independent, neutral industry body that is run solely to help entrepreneurs in the ocean economy like myself. I think this model can work; we have tried everything before. I am happy if something like SPV would exist". (P01).

“A proper institution like SPV is something that is structured and properly planned that is fully and dedicated to the entrepreneurs in the ocean economy.... It is an institution that is supposed to be a vehicle of support for entrepreneurs”. (P01).

Finally, participants were asked to comment on whether there is a need for SPVs for the development and sustainability of the ocean economy of SMMEs in KZN. However, the current concept of SPVs is not supportive of the development and sustainability of the ocean economy and SMMEs in KZN. Consequently, a more supportive SPV concept is imperative for the development and sustainability of the ocean economy SMMEs in KZN. According to the study, a proper SPV should be thoughtfully planned and independent. It should be dedicated to the entrepreneurs in the ocean economy. The assistance should not be limited to black entrepreneurs or a limited few.

Discussion

The findings of this study reveal that ocean economy SMMEs are constrained by several challenges, particularly related to financial resources within the sector. There is limited awareness as to the possibilities of a blue economy approach. The pipeline of investment-ready activities remains limited within the ocean economy. Our study reveals that indicated that entrepreneurs in the ocean economy in KZN face many challenges which include red tape, and strict government regulation which makes it impossible to both open and run a business. One of the major hurdles encountered by the majority of SMMEs in the ocean economy, as claimed by participants who took part in the study, is that of rigorous government regulations that negatively impact the growth of the SMMEs. The findings are aligned with Business Environment Specialists' report (2014), which discovered that entrepreneurs in the country usually devote enormous time and resources to government-imposed regulatory and administrative processes. Entrepreneurs find the regulatory environment complex, burdensome, and imposing unrealistic demands on business. Entrepreneurs also felt that the barriers of entry, high capital, and lack of funding for servicing businesses in the ocean economy, even though the ocean economy industry is largely service orientated, was another challenge. Only a small pocket of well-established businesses are surviving as barriers to trade are high from costs. Musara, and Fatoki (2012), found that entrepreneurs encounter challenges to access capital, funding, and loans due to onerous requirements by the lending banks and other funding institutions. The lack of access to finance impacts business growth and survival and hampers the ability of SMMEs to fully realize their potential and their contribution to the economy and job creation (Musara and Fatoki, 2012).

Furthermore, the entrepreneurs indicated that there is a lack of access to the actual business support and knowledge on how to participate and whom to participate with and who are the beneficiaries of these initiatives. Entrepreneurs feel that the intentions of the initiatives are not clear. Literature supports these findings and alludes to the fact that the majority of SMMEs are not aware of these support programmes and uptake of initiatives aimed at supporting them is very low, despite the government's commitment and institutional support (Mago and Toro 2013; NCR, 2011). Studies cite that many government programmes are available to support SMMEs, but the level of awareness and the utilisation of these programmes is very low. Lekhanya (2015) attribute the low awareness of support programmes and their uptake as due to the government's lack of institutional capacity in providing SMMEs and entrepreneurs with the necessary skills and capabilities to effectively operate and manage their businesses. From the data presented it is evident that entrepreneurs within the ocean economy experience lack of managerial skills for running their businesses, particularly financial management skills. Yahya and Elsayed (2012) pointed out that entrepreneurs do not perform well in financial management practices, and they do not understand financial statements. The interviewed participants echoed the same sentiment that the industry is competitive and dominated by large foreign companies and the sector is dominated by foreign companies and they are monopolizing the sector. Can't and Wiid (2013) revealed that competition is a major macro environment factor that influences the SMMEs in the country.

In the study's findings, participants highlighted a general lack of awareness about opportunities within the ocean economy. Haven (2015), indicate that formal financial institutions in developing countries, such as South Africa, face several challenges that prevent them from pulling financial resources together and lending to SMMEs. The lack of awareness also perpetuates traditional biases as entrepreneurs perceive the maritime sector and the ocean economy as exclusively not for them and with limited opportunities. Entrepreneurs feel that the existing support provided to SMMEs is limited and ineffective and more could be done, including being consulted as entrepreneurs in the sector.

This may be because of a lack of information on the available organizations that are established and available to assist them. The findings are supported by Maleka and Fatoki (2016), who found that although the South African government has created several agencies to support SMMEs, there is a general lack of awareness of this support amongst SMMEs. Findings indicate that majority of respondents believe that the ocean economy has been a catalyst for the formation of PPPs in the sector, however, PPPs have not provided sufficient support and access to support businesses and SMMEs within the ocean economy. This finding is supported by Mabuza's (2018) findings which reveal that the traditional PPP model currently applied in most emerging countries, including South Africa, discourages the participation of SMMEs in PPP projects.

Finally, the majority of the respondents agree that the SPV model could be appropriate for supporting economic development in the KZN ocean economy. Findings reveal that respondents understand the concept of SPV, believe that SPVs are important for enhancing SMMEs in the Ocean Economy and believe SPVs can be effective as a collaborative strategy for enhancing SMMEs in the ocean economy and if promoted well, can act as an economic tool within the ocean economy. Voges (2018) argues that there is a misalignment in the various developmental instruments aimed at the development of the SMME sector and its reality. Sumaila *et al.* (2021), note that effective and stable regulatory and policy environments to attract investment and funding are lacking. In addition, information and knowledge about the ocean and its economic, social, and environmental value are missing or inadequate (Sumaila *et al.*, 2021). However, these investments in the ocean economy seem to be constrained and a need, therefore, arises to investigate why there is such a constraint.

Conclusion

This study has unearthed key strategic challenges facing entrepreneurship in the province and it provides recommendations that are aimed at developing an integrated strategic and economic response to sustainability challenges and job creation, that will ensure the full potential of the Province's Oceans Economy is realised. Considering the level of investment that will be needed to achieve these objectives, the government and the maritime sector must find new and innovative ways to finance investments in the blue economy. A paradigm shift is needed in the use of available financing as well as the optimal use of available resources from all sources. Opportunities also exist for increasing available public resources as well as private sector finance and investment for blue economy initiatives aimed at assisting SMMEs within the ocean economy. Increasing the resource envelope to finance ocean economy initiatives also requires new approaches to draw upon the existing pools of development finance. It may also require the development and piloting of new instruments. The SPV model is proposed to fill this gap in the neglected SMME sector with institutional and governmental collaboration. The SMME sector can flourish with better financing access and advancement opportunities within the ocean economy. The SPV model would be useful to diversify business support for SMME financing projects. SMME projects fulfilling SPV financing criteria can receive financing guarantees from central, provincial or local governments to mitigate the higher risk for financial institutions. The significance of the SPVs for the ocean economy is that SPVs are designed to focus on the designated geographical region as well as the segment of the SMME sector such as the ocean economy sector.

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