

FACTORS INFLUENCING INFORMATION TECHNOLOGY INVESTMENTS IN SOUTH AFRICAN SMALL AND MEDIUM SIZE ENTERPRISES: A CONCEPTUAL STUDY

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ABSTRACT

Small and medium-sized businesses (SMEs) are essential to South Africa's development and economic progress. Information technology (IT) expenditures have become crucial for SMEs to stay competitive in the quickly changing digital market. The purpose of this study is to examine the variables affecting IT investments in South African SMEs. The paper provides a thorough examination of the literature, the technique used, the findings, and a discussion of the implications through a conceptual study. The study's findings were derived from an analysis of 15 of the best and most relevant journal articles out of a total of 200 that were obtained and evaluated through Google Scholar that are related to factors impacting IT investments in South African SMEs. The objective was to aggregate the views of many scholars on the issues affecting IT investments in South African SMEs from their writings. The study's findings indicates that financial constraints, perceived return on investment (ROI), industry-specific factors, technological complexity and skills, perceived risk, outside influences, organisational culture, and leadership are among the factors that affect IT investments in South African SMEs. With regards to the study's findings, it is recommended that SMEs should work to understand and address the factors influencing information technology investments in South Africa so they can make informed IT investment decisions, and policymakers should foster an environment that encourages the uptake of technology and the expansion of this industry.

Keywords: Information technology; Investments; Economic growth; SMEs; South Africa



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1. INTRODUCTION

Small and medium-sized businesses (SMEs) are the backbone of the South African economy, making a considerable contribution to job creation, economic growth, and innovation. Information technology (IT) is now a crucial tool for organisations looking to acquire a competitive edge and flourish in a continuously changing market. It is impossible to exaggerate the value of IT investments for SMEs. Businesses must adapt to and use IT solutions in order to grow their markets, improve customer experiences, and streamline operations as a result of technological and digitalization improvements. Leboea (2017) submit that SMEs frequently encounter a number of obstacles and limitations that limit their capacity to make wise IT investments. SME's may manage the complexities and make wise decisions to maximise the benefits of IT investments by being aware of these issues.

SME growth, efficiency, and competitiveness in the contemporary business environment might be hampered by the difficulties they frequently confront that affect their capacity to invest effectively in information technology (IT). Limited financial resources are one critical issue SMEs face, among many others, that has a substantial impact on their capacity to make effective investments in information technology. SMEs frequently have lesser budgets than larger companies, which can make it difficult for them to set aside money for IT expenditures (Achieng and Malatji, 2022). Hardware, software, infrastructure setup, continuous maintenance, and IT staff all have a significant financial impact. Allocating resources to technology upgrades can be difficult because IT expenditures frequently come with high upfront costs and a delayed return on investment. The latest and best IT solutions that could improve SMEs' operational efficiency, competitiveness, and customer engagement may not be adopted due to cost constraints. Additionally, it can hinder their capacity to stay up with technology improvements, putting them at a disadvantage in a work environment that is continuously changing (Juniarti and Omar, 202).

A thorough methodology incorporating a comprehensive evaluation of pertinent literature, case studies, and interviews with SME owners and managers will be used to carry out this conceptual study. The results will be discussed and analysed to offer insights into the particular elements that affect IT investment choices among South African SMEs. Following a discussion of the implications and usefulness of these findings, recommendations will be made for SMEs on how best to make use of IT investments and realise their full potential for

development and competitive advantage. For politicians, business experts, and SME owners and managers attempting to negotiate the complicated terrain of IT investments, this report is of utmost relevance. This research intends to contribute to the body of knowledge and offer useful advice for SMEs in South Africa to make educated decisions, allocate resources effectively, and utilise IT expenditures strategically by identifying the important factors impacting IT investment decisions.

Understanding the variables that affect SMEs' decision-making processes about IT investments is essential given the critical role that IT investments play in their success and sustainability. Through conceptual research, this article seeks to provide a thorough knowledge of the factors driving IT investments in South African SMEs. This article's primary goal is to propose a conceptual study that explores the variables influencing IT investment choices among South African SMEs. This research aims to equip SMEs to make informed decisions, improve their competitiveness, and promote sustainable growth in the digital era by examining the opportunities and constraints faced by SMEs in adopting and using IT solutions. In order to adopt and use IT to fuel their growth and competitiveness, SMEs confront specific problems and opportunities. As a result, additional information will be made available on these issues.

2. LITERATURE REVIEW

Investments in IT are crucial for SMEs Investments in information technology (IT) are becoming more and more important for South African small enterprises. SMEs may raise operational effectiveness, strengthen decision-making procedures, boost productivity, and acquire a competitive edge in the digital economy with the help of IT. The relevance of IT investments in SMEs, the difficulties and obstacles they face, and the variables affecting their investment decisions must all be covered in a thorough analysis of the body of existing knowledge. There will be a thorough examination of internal and external factors, including financial ones like tight budgets and uncertain returns on investments, organisational ones like lack of IT expertise and resistance to change, technological ones like infrastructure and compatibility problems, and external ones like market trends and legislative frameworks.

2.1 Financial factors influencing IT investment in South African SMEs

Decisions about IT investments are receiving more attention as a result of the expanding role that IT plays in today's business climate, especially in the SME sector. SMEs are essential to the South African economy because they help create jobs and boost growth. These businesses

frequently experience budgetary limitations, which limit their ability to make IT investments. SMEs face difficulties due to tight budgets, cash flow issues, and the perceived high costs of IT expenditures (Mukala, P., 2023, 2019). SMEs must carefully weigh the advantages and disadvantages of IT initiatives, taking into account elements including the initial investment, ongoing costs, and the development of long-term value. Government incentives, availability of affordable IT solutions, and access to finance options can all influence SMEs' IT investment choices. Avenyo *et al.* (2022) contend that limited access to finance is one of the main financial issues that South African SMEs must deal with. Due to issues such as a lack of collateral, high interest rates, and strict financing regulations, many SMEs find it difficult to obtain sufficient finance for IT investments. Therefore, additional financing options like venture capital and government initiatives are needed for these tiny firms. The ability of SMEs to invest in IT is greatly influenced by their financial performance. Financial performance measures including profitability, liquidity, and growth ought to be related to IT investment choices. This illustrates the need of having sound finances and the capacity to produce enough cash flow to sustain IT investments.

Techniques for measuring financial performance, such as return on investment (ROI) and net present value (NPV), can help SMEs determine if IT expenditures will be financially viable. For SMEs to analyse the possible rewards and risks associated with IT expenditures, a detailed cost-benefit analysis is crucial. SMEs should take into account direct and indirect expenses, long-term advantages, and intangible benefits when conducting cost-benefit evaluations. Yoshino and Taghizadeh Hesary (2016) assert that the lack of IT experience and the difficulty of measuring intangible benefits are two obstacles that SMEs must overcome in order to effectively estimate costs and benefits. Government programmes and policies can have a big impact on SMEs' IT investment choices. Through a variety of initiatives, including grants and tax breaks, the South African government may play a significant role in promoting IT investments. This suggests that in order to create an environment that encourages IT investment in South African SMEs, public-private partnerships and engagement between government and industry players are necessary. Thakoor (2020) suggest that policymakers, financial institutions, and SME owners should collaborate to eliminate financial barriers and encourage IT investment in South African SMEs by taking these considerations into account.

2.2 Organizational factors influencing IT investment in South African SMEs

In South African SMEs, organisational variables have a significant impact on the decisions made about IT investments. The business environment in South Africa is diverse, and SMEs there encounter particular difficulties and opportunities when deciding whether to adopt and spend money on information technology. Decisions about IT investments inside SMEs can be significantly influenced by organisational variables. SMEs are more likely to welcome IT investments if they have a clear strategic vision, leadership support, and a culture of innovation. Successful IT adoption is facilitated in most firms by the existence of IT champions, efficient change management techniques, and employee training and development programmes (Gono *et al.*, 2016). For SMEs to make wise and successful IT investment decisions, a clear IT strategy is essential. IT investment choices are significantly influenced by an organization's IT capabilities, including IT infrastructure, skills, and expertise. The financial resources of many enterprises in South Africa are frequently constrained, and IT investments can be pricey. Budget restrictions can have a big impact on how decisions are made, pushing SMEs to carefully prioritise their IT investment. Different organisations may have different views on how valuable IT is as a strategic asset (Gonzalez-Tamayo *et al.*, 2023). People who view IT as a driver of efficiency and competitiveness are more willing to make technological investments. Conversely, SMEs that consider IT as an operational cost may be reluctant to invest in it.

Ogwu (2021) stipulates that IT investments are more likely to take place if top management is willing to support them and has a clear vision for the role of technology in the organization's growth. Because they have the competence to manage IT projects, make educated decisions, and calculate prospective returns on investment (ROI), companies with in-house IT expertise are more likely to invest in technology. The sector in which some firms operate may have an impact on IT spending. Technology, banking, and e-commerce sectors, which face greater rivalry or depend on innovation, are more likely to invest in IT to obtain a competitive edge. Organisations may also spend money on IT to suit the changing demands of their customers. For businesses in South Africa, having access to e-commerce, online customer support, and digital marketing is now necessary to stay competitive. Bvuma and Marnewick (2020) aver that organisations in South Africa must abide by a number of data protection and security rules, which may require investments in data management and cybersecurity. Due to worries about implementation difficulties, security dangers, and the likelihood that technology would quickly become outdated, some risk-averse businesses may

be wary about IT investments. Furthermore, businesses that have a clear long-term business strategy are more likely to make strategic IT expenditures that support their overarching objectives. Therefore, a variety of factors, such as budgetary limitations, leadership vision, industry dynamics, legal requirements, and the organization's overall strategy, affect IT investment decisions in South African SMEs. The adoption and investment of technology must be approached thoughtfully and strategically in order to successfully navigate these factors.

2.3 Technological Factors influencing IT investment in South African SMEs

In South African SMEs, technological variables have a big impact on investment decisions in IT. Similar to many other nations, South Africa too experiences quick technological changes that have an impact on how SMEs run and compete in the market. Making the right IT investment choices is essential for SMEs' success and expansion in the continually changing business environment. The adoption of IT solutions by SMEs is influenced by the accessibility and compatibility of IT infrastructure, software applications, and digital platforms (Mabulele, 2020). The availability and calibre of technological infrastructure, such as telecommunications networks and internet access, are essential elements. Increased IT investments are more likely to occur in areas with dependable, fast internet connectivity. IT investments may be influenced by the adoption of cutting-edge technologies like cloud computing, AI, and the Internet of Things (IoT). SMEs are more willing to invest if they understand the potential advantages of these technologies in terms of efficiency, cost savings, and innovation. SMEs frequently spend money on IT to stay competitive in their sector (Ardjouman, 2014). Having tech-savvy rivals or disruptors nearby can force SMEs to make technological investments to stay competitive. Jere and Ngidi (2020) assert that SMEs may be more likely to invest in IT if they believe that technology innovation has the potential to upend their industry or open new prospects. IT investment decisions can be greatly influenced by the price of hardware, software licences, and IT infrastructure. Technology expenditures may be more affordable for SMEs if cost-effective solutions and funding choices are readily available.

SMEs may invest in IT to improve their cybersecurity measures due to the rising frequency of cyber threats and data breaches. Makanyeza *et al.* (2023) submit that a crucial factor to take into account is protecting sensitive client information and business activities. SMEs that foresee significant development or market changes may invest in scalable and adaptable IT

systems to meet changing company needs. For SMEs, the capacity to gather, examine, and get insights from data is becoming more and more crucial. A competitive edge can be obtained by making investments in data analytics tools and technologies. Mobile and remote work have become more popular as a result of the COVID-19 pandemic. SMEs may spend money on IT to provide capabilities for remote work and to guarantee business continuity. IT investments may be influenced by the expansion of e-commerce and the value of an online presence for marketing and sales. Afolayan and De la Harpe (2020) note that SMEs may spend money on website improvements, digital marketing tools, and e-commerce platforms. IT investments may be necessary to ensure compliance with changes in technology-related regulations, such as data protection laws. IT investment choices may also be influenced by partnerships and collaborations with service providers and technology vendors. These collaborations might give access to cutting-edge technological solutions and knowledge. Thus, for South African SMEs, technological aspects are crucial in determining IT investment decisions.

2.4 External Factors influencing IT investment in South African SMEs

The dynamic business environment in which SMEs operate is shaped by various external factors that influence IT investment decisions. SMEs need to monitor industry-specific technological advancements and adopt relevant IT solutions to remain competitive. Market demands and customer expectations may drive SMEs to invest in IT for improved customer service and personalized experiences. External factors significantly influence IT investment decisions in South African SMEs. These factors arise from the broader economic, political, social, and environmental context within which SMEs operate (Ajibade and Mutula, 2021). The overall economic climate in South Africa plays a crucial role in IT investment decisions. Factors such as economic growth, inflation rates, and currency stability can impact the availability of funds for IT investments. During economic downturns, SMEs may prioritize cost-effective IT solutions. IT investment decisions can be significantly impacted by both government incentives and regulations relating to technology adoption. For instance, actions to promote digitization or tax advantages for IT investments may encourage SMEs to make technological investments. IT investments may be necessary to ensure conformity to rules and compliance standards, particularly in sectors like finance and healthcare (Matekenya and Moyo, 2022). Investments in cybersecurity measures, for instance, may be required by data protection legislation. SMEs may engage in e-commerce platforms and digital marketing to meet demand if consumers prefer online shopping or digital services more and more. The

South African competitive environment might also encourage SMEs to invest in IT to obtain a competitive edge (Kalane, 2015).

SMEs may need to invest in IT in order to streamline operations, enable cross-border transactions, and adhere to international standards if they work in export-oriented industries or aim to develop abroad. Rapid technological advancements on a regional and international scale might also affect how much money is spent on IT. SMEs may make investments to stay current with technological trends or to benefit from developments that can increase production and efficiency. Another element that may affect SMEs' desire to invest is societal attitudes towards technology. For instance, SMEs may be more likely to invest in IT if there is a strong culture of digital entrepreneurship or a greater reliance on technology for daily living (Adam and Alarifi, 2021). IT investments may be impacted by environmental considerations including climate change and sustainability objectives. SMEs may make investments in energy-efficient IT infrastructure or use digital solutions that lessen their environmental impact. Natural disasters are common in South Africa, which can have an impact on how reliable the infrastructure is for technology. Small and medium-sized businesses may spend money on IT solutions that improve business continuity and disaster recovery capabilities (Govuzela and Mafini, 2019). The significance of IT expenditures to enable remote work, supply chain visibility, and digital collaboration can be highlighted by external interruptions like the COVID-19 pandemic. More specifically, global developments and geopolitical unrest may have an impact on the availability and cost of IT products and services, which may have an impact on investment choices. External considerations therefore have a significant role in influencing IT investment choices in South African SMEs. These elements interact with organisational internal issues and may help or hinder the adoption and investment in IT (Gomwe *et al.*, 2023). Therefore, SMEs must evaluate and adjust to the external forces affecting their industry and business circumstances in order to make informed decisions

3. METHODOLOGY

Through a thorough analysis of the literature, a non-empirical methodological approach was employed in the study to find solutions to the issues impacting IT investments in South African SMEs. Snyder (2019) states that in a non-empirical, conceptual study, the analysis of the literature entails a thorough evaluation of the existing literature, theories, and concepts pertinent to the research issue. This analysis gives a framework for the subject and helps

provide a solid theoretical foundation. One can construct a solid conceptual framework by doing a systematic review of peer-reviewed books, articles, and other academic sources to get a thorough understanding of the issue at hand. This methodological approach emphasises the synthesis of existing information to create new concepts and theoretical constructs rather than relying on the acquisition of empirical evidence. Jaakkola (2020) asserts that to build a strong theoretical foundation for the study, it promotes critical thinking and the application of many theoretical views. To identify the underlying themes and patterns in the literature, a researcher may use critical discourse analysis, content analysis, or thematic analysis in a non-empirical conceptual study. The objective is to create a comprehensive and original theoretical framework that advances the field's comprehension of the topic. Without necessarily relying on empirical evidence to support findings, the non-empirical approach recognises the significance of theoretical development and conceptual creativity.

Based on existing research and theories in the area of IT investment decision-making, a conceptual framework is created. In order to find answers to the question being investigated, 200 journal articles relating to factors impacting IT investments in South African SMEs were downloaded from Google Scholar and analysed. The best and most relevant 15 of these journal articles were then examined to produce the study's findings. The objective was to aggregate the works of many academics on the topics affecting IT investments in South African SMEs. After thorough examination and sifting of these papers, the top 15 journal articles were chosen for this study. Additionally, pertinent papers were examined to learn more about IT investment practises, including corporate reports, financial accounts, and IT investment plans. To find similarities, differences, and linkages among the stated factors affecting IT investments in South African SMEs, several instances were compared. By doing so, a thorough understanding of the variables affecting IT investments in South African SMEs is developed.

In this technique of thorough analysis of the literature and non-empirical methodological approach employed in the study, the issues impacting IT investments in South African SMEs were explored. The elements were highlighted as variables that South African SMEs may utilise to draw on to affect Information Technology investments in small enterprises in order to highlight the challenges influencing IT investments in South African SMEs. The purpose of the study is to provide a conceptual framework that identifies the major variables affecting IT investments in South African SMEs. The research will add to the body of information on SMEs' IT investment decision-making and offer guidance to managers, policymakers, and

researchers in the area. The study's conclusions might only apply to the 15 journal papers that were manually evaluated and sorted to determine which ones were the best for this study and which ones sufficiently investigated the factors impacting IT investments in South African SMEs. This assumption might not, however, apply to all SMEs in the nation. The study's reliance on the variables affecting SMEs in South Africa's IT investments may make it more difficult to define and measure the impact of each variable on IT investments.

5. FINDINGS

The study's hypothesised findings, which include financial restrictions, perceived return on investment (ROI), industry-specific factors, technological complexity and skills, perceived risk, outside influences, organisational culture, and leadership, are intended to identify the factors influencing IT investments in South African SMEs.

Financial Constraints: Financial limitations have a big impact on how South African SMEs choose to invest in IT. Budget restraints, expensive IT infrastructure, and restricted access to capital all surfaced as major obstacles. This suggests that SMEs with limited financial resources may find it difficult to invest in cutting-edge IT systems, which could cause investments to be postponed or scaled back (Zayed *et al.*, 2022).

Perceived Return on Investment (ROI): The possible return on investment is a crucial consideration for SMEs in South Africa when deciding whether to invest in IT. Small and medium-sized businesses are more likely to invest in IT solutions that show observable advantages like greater productivity, improved operational efficiency, cost savings, and improved customer satisfaction (Juniarti and Omar, 2021). This makes it very evident that proving ROI is essential to support stakeholders and defend IT expenditures.

Industry-Specific Factors: IT investments in South African SMEs are heavily influenced by sector-specific factors. IT requirements, regulatory frameworks, and competitive environments vary by industry. For instance, while manufacturing SMEs may concentrate on investing in automation technology, e-commerce SMEs may prioritise investments in online payment systems and safe e-commerce platforms. In order to match IT expenditures with each industry's specific demands and difficulties, it is essential to identify industry-specific characteristics (Bvuma and Marnewick, 2020).

Technological Complexity and Skills: Technological complexity and the lack of technical expertise present challenges for South African SMEs in making IT investments. Many SMEs

face difficulties in managing and implementing complex IT solutions due to limited knowledge and skills. Insufficient technical expertise within the organization can deter SMEs from making substantial IT investments and hinder their ability to leverage the full potential of available technologies (Zayed *et al.*, 2022).

Perceived Risks: Investments in IT are viewed as risky by SMEs. Significant challenges included worries about system dependability, data security, and the possible interruption of corporate procedures. Risk aversion may cause SMEs to postpone IT investments altogether or make cautious investment choices (Ślusarczyk and Grondys 2019). Therefore, mitigating these perceived risks with strong cybersecurity safeguards, dependability assurances, and efficient change management techniques can inspire confidence and encourage SMEs to embrace IT expenditures.

External Influences: The choices made by South African SMEs regarding IT investments are significantly influenced by external variables. Influential elements include industry rules, government laws, and market dynamics. SMEs can be encouraged to invest in IT through government incentives, tax cuts, and supportive legislation. The need to adapt and invest in new technology to be competitive may also force SMEs to do so. This indicates that taking advantage of advantageous circumstances and being aware of the external environment can have a favourable impact on IT investment decisions healthcare (Matekenya and Moyo, 2022).

Organizational Culture and Leadership: The importance of organisational culture and leadership in promoting IT investments in SMEs is stressed. Strong leadership commitment and a culture that encourages innovation were identified as crucial elements. IT investments are more likely to be welcomed by organisations that promote a culture of technological adoption, encourage experimentation, and place a high priority on continuous learning. As a result, strong leadership is essential for forging a common vision, developing IT competencies, and winning funding for IT investments (Ogwu, 2021).

6. DISCUSSION

A number of factors that influence information technology (IT) investments in South African SMEs can have a significant impact on the adoption and efficacy of IT initiatives within this industry. Understanding these components is crucial for SMEs, legislators, and IT vendors that seek to navigate the South African business ecosystem. The economic situation in South Africa has a significant impact on the IT investments made by SMEs. A number of variables,

such as inflation, currency fluctuations, and economic stability, can affect the cost of IT systems. In times of economic uncertainty, SMEs may be less likely to invest in IT, while in times of economic development, investments may increase. Furthermore, it could be challenging for SMEs to secure financing for IT projects. Limited funding options or loans with high interest rates may hinder their ability to invest in technology. Government initiatives and schemes that offer cheap funding may assist IT investments. Due to a shortage of qualified IT professionals, SMEs may be deterred from investing in technology. The accessibility of IT knowledge and training opportunities may have a significant impact on their preparedness to adopt IT solutions. In this regard, government and commercial encouragement of IT education and skill development is crucial. The regulatory climate in South Africa could have an effect on IT investments. Compliance requirements, cybersecurity laws, and data protection regulations can all affect the kind and scope of IT investments that SMEs make. A favourable regulatory environment might promote investments in IT security and compliance solutions. More precisely, reliable internet connectivity and access to modern IT infrastructure are essential for IT investments. Rural SMEs may have more difficulty adopting IT because of infrastructure issues and limited internet connectivity. Therefore, government initiatives to improve infrastructure and expand broadband availability can promote IT investment.

SMEs operating in competitive markets may be more willing to invest in IT in order to gain a competitive edge. Utilising IT solutions that boost efficiency, customer satisfaction, and product innovation may be necessary to maintain competitiveness. As consumer expectations evolve, so too must customer needs, and SMEs must adapt. IT expenditures that enhance the customer experience, such as e-commerce platforms or online customer support, may be given priority in order to stay up with changing consumer needs. The quality of the products and support services offered by IT suppliers, as well as their accessibility, have an impact on SMEs' decisions regarding their IT investments. This is because SMEs require trustworthy suppliers that can provide continuing assistance and cost-effective solutions. As cyber threats become more frequent, SMEs must invest in cybersecurity solutions to protect their data and operations. The increasing frequency of cyberattacks may be driving investments in IT security. SMEs who have a clear digital transformation plan are more likely to invest in IT. Having a clear plan that outlines the goals and expected return on investment of IT efforts can help in decision-making. Spending on IT may also be significantly impacted by government incentives and legislation. Through tax benefits, subsidies, and other forms of financial

support for implementing new technology, SMEs may be encouraged to invest in IT solutions. IT investments are more likely to be made in businesses where innovation and change are valued, yet resistance to change can stop such investments from happening. As a result, it is crucial that policymakers create an environment that encourages technology adoption and growth in this industry and enables SMEs to make informed IT investment decisions. It's important to comprehend and deal with these variables that affect South African investments in information technology.

7. RECOMMENDATIONS

The recommendations made by the study are meant to use the influencing factors to remove the obstacles that were discovered and promote IT investments in South African SMEs. By putting these recommendations into action, policymakers, industry stakeholders, and SMEs can work together to foster an environment that fosters the use of IT and digital transformation in the small business sector. Based on the findings and discussion of this study on the factors influencing IT investments in South African SMEs, the following recommendations are proposed:

- Given how important external influences are in determining IT investment decisions, it is urged that the South African government provide tailored support for SMEs. Grants, tax rebates, financial incentives, or supportive policies can all be used to boost IT investment. By removing financial obstacles and offering incentives, the government may encourage SMEs to use IT and go through a digital transformation.
- It's critical to make financing options that are specifically suited to supporting IT expenditures more accessible given the financial challenges SMEs face. This could mean working with financial institutions to develop specialised lending products, establishing public-private partnerships to provide low-interest loans or venture capital funding. With improved access to capital, SMEs will be better able to invest in the crucial IT infrastructure and solutions.
- To solve the difficulties related to technical complexity and skills, it is advocated to invest in initiatives to increase the capacity of South African SMEs. This can include mentorship opportunities, seminars, and training programmes that are specifically geared towards developing IT skills. Closing the skills gap and giving SMEs the knowledge they need to make informed IT investment decisions can both be

accomplished through collaboration with academic institutions, business organisations, and technology vendors.

- Promoting knowledge exchange and understanding is necessary in order to dispel the myths around the risks associated with IT investments. Through initiatives like workshops, seminars, and online resources, small and medium-sized firms (SMEs) can learn about best practises, success stories, and case studies of IT investment implementations. By giving SMEs a platform for networking and knowledge sharing, it is possible to establish an atmosphere that encourages the adoption and investment in IT.
- It is advisable to provide sector-specific advice on IT investments given the significance of sector-specific components. With the use of customised standards, guidelines, and benchmarks, SMEs can more clearly understand the specific IT requirements and objectives within their respective industry. Working with industry associations and subject matter experts can ensure that the guidance provided is practical, up to date, and consistent with market trends.
- By encouraging cooperation and collaborations between SMEs, technology providers, and academic institutions, innovation and shared learning can be promoted. Finding economical IT solutions, making joint investments, and sharing expertise can all be made easier with the use of networking, information-sharing, and collaborative project platforms. These collaborations can help SMEs get around resource constraints and gain access to shared knowledge.
- To create a suitable climate for IT investment, organisations should establish a culture that values innovation and embraces technological advancement. For this, it takes strong leadership commitment, involvement, and effective communication. IT investments should complement the organization's strategic goals, and leaders should promote a culture that encourages experimentation, learning, and risk-taking.

8. CONCLUSION

The complex and changing factors affecting IT investments in South African SMEs are a reflection of the environment and challenges these businesses confront. This study has defined the factors influencing Information Technology (IT) investments in South African SMEs. The findings point to a number of critical factors that play a role in this setting's decision regarding IT spending. For SMEs in South Africa to choose where to invest in IT, they must navigate a challenging web of linked challenges. If these firms are to succeed in an

increasingly digital environment, they must carefully assess their circumstances, take into account the aspects that have been identified, and implement a well-defined IT investment strategy that is in line with their long-term business objectives. Politicians, trade associations, and support organisations can all significantly contribute to the adoption of IT by SMEs by facilitating access to resources, training, and incentives. Ultimately, SMEs in South Africa may be able to stimulate innovation, improve productivity, and keep their competitiveness in the global market by using IT effectively.

8.1 Suggestions for Further Research

The results of this study indicate that specific areas pertaining to the variables impacting IT investments in SMEs need to be the focus of attention. Study on the variables impacting IT investments in SMEs could be conducted in a number of ways. Firstly, a more thorough examination of industry-specific dynamics within the context of South Africa's SME ecosystem could be one direction for future research. Concerning the adoption of IT, various industries might present different opportunities and obstacles. Examining the differences in market structures, regulatory environments, and industry-specific technology requirements, among other things, may yield insightful information. With this method, IT investment decisions in SMEs could be better understood, enabling customised advice and strategies based on specific sector subtleties. Secondly, a comparative analysis with SMEs in other rising economies or regions facing comparable issues could also provide insightful information and widen the scope of this study. Analysing the IT investment environments of South African SMEs in comparison to those in other nations with comparable economic environments may reveal common issues and workable solutions. By using a cross-national approach, the results may be more broadly relevant and the framework for assisting SMEs in adopting IT may be more globally applicable. Lastly, evaluating the long-term effects of IT investments in South African SMEs may be the subject of additional research in the future. It is essential to comprehend how the highlighted vital criteria affect SMEs' long-term success as well as their ability to make decisions quickly. Case studies and longitudinal analyses could be used in research to monitor the results of various IT investment methods. This will eventually lead to more effective policies and support systems for SMEs by improving our grasp of the dynamic nature of achievements and challenges in the digital ecosystem.

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