“Administrative practices for improved environmental compliance of manufacturing small and medium-sized enterprises in South Africa”

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The main constraints on SME growth in developing countries are regulations and legislation. Poor administration of environmental regulatory compliance is shown by the high number of SMEs in the manufacturing sector closing down annually in developing economies. Therefore, the purpose of this study is to investigate the influence of administrative practices on environmental compliance by manufacturing SMEs in a developing country. This study adopted a quantitative research approach. A sample size of 215 administrative personnel and managers from manufacturing SMEs operating within Msunduzi Municipality, KwaZulu-Natal, South Africa, was selected. Managers and administrative personnel were selected to eliminate biased answers that favor organizations and because both may have had an opportunity to enforce administrative practices that adhere to environmental regulations. The sample size was selected using a probability sampling method. The study shows that respondents agree that environmental compliance is a mandatory practice for SMEs in the manufacturing sector. Although results show that SMEs are complying with environmental regulations, they still face challenges. The study further demonstrates a disregard for the organization and storage of assessment reports by administrative personnel working in manufacturing SMEs.

INTRODUCTION

Many enterprises globally are SMEs, the main potential for growth and development within developed and developing countries (Morina & Gashi, 2016). Successful economies globally have acknowledged SMEs’ significant roles and contributions toward the growth and development of the country’s economy (Bvuma & Marnewick, 2020). SMEs play a crucial role in transforming socio-economic conditions and driving the economy by providing employment opportunities and fueling the demand for goods and services (Alemayehu & van Vurren, 2017). Aside from their capacity to significantly lower the high unemployment rate and support the economy’s expansion, SMEs have other advantages. By providing productive assets to previously disadvantaged individuals, SMEs can be utilized to change the nation and enable other SMEs to pursue success (Sithram & Hoque, 2016). However, due to internal and external forces, the success rate of SME businesses is increasing more slowly in terms of value and quantity (Kalane, 2015). Leadership and a workforce with insufficient skills...
and poor knowledge of environmental regulations are among the internal factors contributing to some SMEs’ failure, as is the absence of managerial abilities that would enable them to carry out the necessary administrative practices (Rahman et al., 2016). External factors include the economy and South Africa’s laws and regulations. Compliance with regulations is likely a significant barrier to success for SMEs since they are poorly equipped to handle issues brought on by regulations (Kanayo et al., 2020). The introduction of different environmental regulations was an attempt to govern against environmentally damaging activities by manufacturing SMEs (Blundel et al., 2013). The intention is to encourage firms to adopt environmentally friendly ways of operation. Environmental compliance is never without difficulties, and manufacturing industry SMEs are no exception. Understanding the administration of environmental legislation compliance for SMEs is an important phenomenon that needs investigation.

1. LITERATURE REVIEW

Environmental compliance, in the main, refers to abiding by set environmental laws, regulations, and other requirements, such as acquiring site permits for businesses to operate (Nieuwenhuizen, 2019). Environmental compliance entails abiding by the rules set forth by laws and regulations to protect the environment (Thimm & Rasmussen, 2021). It involves conducting due diligence to ensure that one does not fall afoul of regulation, setting up policies, and managing programs that ensure ongoing compliance (Thimm & Rasmussen, 2021). According to Mutuku (2021), environmental compliance aims to officially institute best practice measures that would prevent, control, and mitigate the environmental degradation that may arise from operations. Organizations require transparent and efficient administrative practices to comply with environmental regulations, laws, and policies. Administrative practices serve as guidelines and procedures that buttress the implementation of environmental regulations (Xabier, 2017). Administrative practices are formal procedures implemented by an organization to govern management and decision-making (Sakamoto et al., 2019). Management takes advantage of sound administrative processes in their decision-making. According to Kaufman (2018), there must be a goal that the administrative activity is anticipated to achieve to define the administrative function. In other words, the role of administration is to conduct or put policy decisions into practice and coordinate activities to ascertain environmental compliance.

Literature exposes that businesses have endeavored to ensure compliance with environmental laws by adopting worldwide standards developed by the International Organization for Standardization (ISO) (Dwarika, 2015). Dwarika (2015) states that ISO 14001 is the globally recognized standard commonly used for environmental management systems (EMS). ISO EMS has become the preferred approach to managing the environmental aspects of a company’s operations, as it depends less on government regulations and more on voluntary, proactive efforts within the organization (Chan & Hawkins, 2010). ISO 14001 specifies the characteristics of the components of a management system (Vermeulen, 2018). It requires organizations to create an environmental policy, set objectives and targets, implement a program to achieve those objectives, monitor and measure its effectiveness, correct problems, and conduct reviews to improve the EMS (Mas-Machuca & Marimon, 2019). In essence, ISO 14001 guides SMEs in the manufacturing sector with methods for ensuring compliance with environmental regulations. There is, therefore, a need for integrated administrative systems in manufacturing SMEs to ensure operational goals are achieved while ensuring compliance with environmental regulations.

1.1. Environmental compliance challenges facing the manufacturing sector

For every business, some rules and regulations govern how it should operate. Regulations are a necessity in order to enable growth (Christensen et al., 2016), while on the other hand, it has been identified that regulatory compliance is challenging for SMEs. Delchet-Cochet et al. (2015) mention that compliance with environmental regulations motivates SMEs to develop a protection agenda for competitive advantages. Blundel et al.
(2013) expose that environmental policies are often enforced mostly on larger businesses to promote environmental compliance. Smaller enterprises are also affected by the enforced laws, which have become stricter (Mutuku, 2021). The SMEs’ need (for long-term survival and a license to operate) motivate their compliance with environmental regulations (Delchet-Cochet et al., 2015). There are actions that manufacturing SMEs can take to mitigate the negative impact they may have on the environment, such as water-saving initiatives and the reduction of pollutants and dangerous waste production (Okyere, 2017).

A plethora of literature strongly contends that regulations and legislation are the major constraints to SME growth in developing countries (Nyamwanza et al., 2016; Nieuwenhuizen, 2019). Regulations provide guidance to SMEs on how to operate their businesses on a daily basis. However, Herrington and Kew (2016 cited in Nieuwenhuizen, 2019) maintain that environmental regulations and policies inhibit entrepreneurship. Cant and Wiid (2013) also corroborate this limiting factor. The common cause of failure for SMEs is that there is too much ‘red tape’ restricting them from achieving set goals (Murithi, 2017).

Furthermore, Mwanza and Mbohwa (2017) highlight that the challenges facing SMEs in the manufacturing sector include the collection, sorting, and disposal of waste. This is caused largely by a lack of capacity by small manufacturers to use natural and recyclable materials (Sakamoto et al., 2019). Weak environmental controls, owing to deficiencies in the administrative systems, exacerbate non-compliance with currently existing environmental regulations. Although it has been established that environmental compliance poses a challenge for SMEs, Zhang et al. (2023) recognized that it can encourage businesses to engage in innovative activities.

1.2. Environmental regulations within the South African manufacturing sector

The local government, particularly municipalities, has developed and enforced legislation that must be adhered to by businesses. The local municipalities are responsible for ascertaining that firms follow environmental regulations (Christensen et al., 2016). Therefore, SMEs must be aware of municipal environmental by-laws or legislation, along with the administrative practices associated with each, to comply. For instance, Blackmore (2015) highlighted that the National Environmental Management Act (NEMA) 107 of 1998 guides people on protecting the environment. These are some of the environmental laws that form part of NEMA:

- National Environmental Management: Waste Act No 59 of 2008;
- National Environmental Management: Air Quality Act 39 of 2004 (NEMQA);
- Spatial Planning and Land Use Management Act (SPLUMA), No. 16 of 2013;
- National Water Act 36 of 1997 (NWA);

The NEMA of South Africa mentions different processes and practices to be followed when disposing of waste. Godfrey and Oelofse (2017) identify the administrative practices for the Waste Act 59 of 2008, which include obtaining a license to dispose of waste, especially hazardous, and following the Act’s objectives, guidelines, systems, and procedures relating to the environmental laws. The Waste Act strives to improve the law regulating waste management to protect health and the environment by providing reasonable measures to prevent pollution (Jaeger et al., 2017). SMEs in the manufacturing sector are most likely to have waste to dispose of, which should be managed in a way that provides an acceptable level of environmental protection and prevents pollution. The local municipalities provide different services to the public, and collecting waste is one of them. The efficient use of natural resources and waste management within the framework of integrated pollution will help protect the environment and the people of South Africa and ensure environmental compliance for SMEs (Tshehla & Wright, 2019). The establishment of the NEMAQA made interested South Africans contribute toward the first national plan to clear the skies of pollution.
and ensure air that is not harmful (van der Bank & Karsten, 2020). Tshehla and Wright (2019) raise the point that effective air quality management in South Africa requires enforcing legislation and standards, sound policy implementation, and air quality monitoring. Cooperation amongst government departments, research institutions, economic sectors, and the public is vital in fighting against air pollution.

Nel (2016) identifies SPLUMA as an act enacted to improve the framework for land use management in South Africa. SPLUMA also provides a framework for policies, principles, and standards for spatial development planning and land use management (Nel, 2016). For any vacant land or space that a person or organization wants to utilize, this legislation states that permission has to be granted through buying the land to get ownership or leasing an office space from authorized officials (De Fisser & Poswa, 2019). The key issues that all government levels battle regarding land management are preventing illegal occupants, pollution, and land invasion (Swanepoel, 2020). Municipalities have different agreements on how SMEs can use the land, water supply, and associated costs. The environmental constraint that Southern African countries face is an insufficient water supply to meet the needs of all users (Couzens et al., 2017). To ensure a sanitary work environment, water is essential to companies, especially in the manufacturing industry. The NWA was established to ensure the right to access basic water supply and sanitation, which are necessary for securing sufficient water and an environment that is not harmful to human health and well-being (Maphela & Cloete, 2020). When the NWA was established, users had virtually free and unrestricted access to water (Couzens et al., 2017); however, that is not the case now. It is now expected that individuals or organizations must be permitted to use water and must provide payment. Following the NWA policy, no user may obtain water for industrial use from any source other than the water service provider designated by the water service authority with control over the area in question without the approval of the water service authority (Maphela & Cloete, 2020).

In the manufacturing sector, environmental hazards such as fumes, poor ventilation, and extreme temperatures may lead to occupational illnesses and injuries, as employees working in the manufacturing industries are exposed to different chemicals and a hazardous work environment. Pilusa and Mogotlane (2018) comment that the government promulgated OHS for implementation in work settings to protect employees from potential occupational health risks. However, Bansah et al. (2016) point out that although the manufacturing and mining industries are necessary, they can be a source of ill health among employees due to unsafe working environments. The OHS Act assists in ensuring that employers provide a safe working environment for their employees. Therefore, manufacturing SMEs need to have in place monitoring systems that are aimed at ensuring adherence to the OHS guidelines.

1.3. The role of administration practices on environmental regulation compliance

There is increasing external pressure on businesses to lessen their adverse environmental impact and contribute to sustainable value creation, such as value that will benefit the environment and organizations beyond company boundaries (Schaltegger et al., 2019). Understanding the processes involved in environmental policies is fundamental to facilitating conditions under which a reasonable environmental management approach can be successfully enacted (Kulin & Seva, 2019). Business practices are essential to a company’s sustainable development because they can both directly and indirectly create environmental degradation (Rode et al., 2021). The most effective environmental management approaches are those that the administration can use to reduce their direct and indirect environmental impacts. Functional environmental management approaches include making office buildings more environmentally friendly, reducing the effects of planned meetings and activities, encouraging sustainable business travel, or implementing green public procurement (Cranfora et al., 2019). Effective management of the environment requires administration practices to facilitate the implementation of environmental regulatory compliance, which gives usage guidelines and specifications related to environmental systems. Integrated planning, management
practice standards, environmental management in operational aspects of the organization, and monitoring, auditing, and review are some of the effective environmental management techniques that play a role in environmental compliance by SMEs.

Integrated planning is critical to developing and implementing an effective environmental management system. Administrative practices involved with integrated planning assist SMEs in aligning their goals with the concepts for planning sustainably by considering the strategic development frameworks, management practices, and the environment in which an organization may function (Beech & Veltman, 2017). SMEs employ management practices to guide, assist, and inspire people to carry out their unique organizational duties and to assure compliance (Nisar et al., 2019). Management practice standards are tools and advancements that managers implement to increase the efficiency of their organizations’ work processes. For SMEs, management practices offer direction based on established norms and standards.

Environmental management in operational aspects of the organization is a set of procedures based on a planned methodology to guarantee that a company is dedicated to the environment and that the manufacturing process has little or no impact on it (Khan et al., 2002). Environmental management in operational terms includes the basic environmental standards that apply to business operations and the environment surrounding these operations (Yekimov et al., 2021). Environmental management may also include inspections and investigations conducted by the government and self-monitoring by the regulated company, which are regarded as part of compliance monitoring, auditing, and review (Bwala et al., 2022). Environmental compliance monitoring entails identifying specific environmental issues and obstacles and getting the government to acknowledge that these issues must be addressed (Akhigbe et al., 2016).

Therefore, the purpose of this study is to investigate the influence of administrative practices in order to enhance environmental compliance by manufacturing SMEs in a developing country.

2. METHODOLOGY

2.1. Sampling and data collection

This study used the quantitative research approach to gather data converted into statistical results. Adedoyin (2020) defined the quantitative research approach as an organized inquiry about a phenomenon through the collection of numerical data and execution of statistical or mathematical techniques. Furthermore, a descriptive research design was used to identify and analyze the administrative practices adopted by manufacturing SMEs.

The target population was SMEs in the manufacturing sector within the Msunduzi Municipal boundary, KwaZulu-Natal, South Africa. The Small Enterprise Development Agency (SEDA) database and the Msunduzi Municipality database were used as data sources, and a total population of 460 SMEs in the manufacturing sector was identified. The participants were selected using a purposive sampling technique. Managers and administrative personnel were sampled as participants. The reason for using managers and administrative personnel was to avoid obtaining biased responses. Another reason for choosing managers and administrative personnel was that both may have had a chance to enforce administration practices that comply with environmental regulations. The sample size was based on a 90% confidence level with a 50% proportion of the target population and a 5% acceptable margin of error. The following formula was used to determine the sample size:

\[ S = \frac{Z^2 \cdot p(1-p)}{e^2} + \frac{Z^2 \cdot p(1-p)}{e^2 \cdot N}, \]  

where \( S \) = sample size, \( N \) = population, and \( e \) = margin error. The sample size consisted of 230 participants.

The primary data were collected using a closed-ended questionnaire. The questionnaire had two sections: section A contained demographic questions, and section B was structured to address the purpose of the study. It was first piloted to ensure that the instrument provided the study with valid information. The pilot
sample consisted of five administrative personnel and two managers from two manufacturing SMEs within the Msunduzi municipal boundary. The pilot study assisted in identifying flaws and limitations in the question design, which were addressed before the actual study could be conducted (Majid et al., 2017). Piloting the research instrument indicated that the information gathered answered the research questions set for the study. A total of 230 questionnaires were distributed and collected between October 2021 and February 2022. Out of 230 participants, 215 fully completed questionnaires were returned, giving rise to a response rate of 93%. According to Harrison et al. (2019), a 50% or higher questionnaire response rate is considered excellent in most circumstances. The collected data were analyzed using the Statistical Package for Social Sciences version 25.0. The McDonald-Omega reliability technique was used to test the instrument’s reliability. McDonald Omega has the advantage of considering the strength of association between values (Zhang & Yuan, 2015; Trizano-Hermosilla & Alvarado, 2016). The reliability results of the McDonald Omega coefficient (ω) for Section B of the questionnaire was ω = 0.702. Ravinder and Saraswathi (2020) state that the McDonald-Omega reliability coefficient ranges between 0 and 1. Therefore, the results indicate that the data collected are reliable.

### 2.2. Demographic profile of participants

The questions in the research instrument probed the background characteristics of the respondents involved in administrative tasks in manufacturing SMEs. The participant’s demographic information, as shown in Table 1, is analyzed in terms of gender, age, highest qualification, occupation, and work experience.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Variables</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>41</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>174</td>
<td>81%</td>
</tr>
<tr>
<td>Age</td>
<td>18 – 25 years</td>
<td>18</td>
<td>8.3%</td>
</tr>
<tr>
<td></td>
<td>26 – 35 years</td>
<td>100</td>
<td>46.5%</td>
</tr>
<tr>
<td></td>
<td>36 – 45 years</td>
<td>90</td>
<td>41.9%</td>
</tr>
<tr>
<td></td>
<td>Above 45 years</td>
<td>7</td>
<td>3.3%</td>
</tr>
<tr>
<td>Highest Qualification</td>
<td>Matriculation/Grade 12</td>
<td>33</td>
<td>15.3%</td>
</tr>
<tr>
<td></td>
<td>Higher Certificate</td>
<td>2</td>
<td>1.0%</td>
</tr>
<tr>
<td></td>
<td>Diploma/Advanced Diploma</td>
<td>105</td>
<td>48.8%</td>
</tr>
<tr>
<td></td>
<td>Degree</td>
<td>71</td>
<td>33.0%</td>
</tr>
<tr>
<td></td>
<td>Honors Degree and Above</td>
<td>4</td>
<td>1.9%</td>
</tr>
<tr>
<td>Occupation</td>
<td>Manager</td>
<td>3</td>
<td>1.4%</td>
</tr>
<tr>
<td></td>
<td>Assistant Manager</td>
<td>17</td>
<td>7.9%</td>
</tr>
<tr>
<td></td>
<td>Administration Clerk</td>
<td>99</td>
<td>46.0%</td>
</tr>
<tr>
<td></td>
<td>Human Resources</td>
<td>9</td>
<td>4.2%</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>87</td>
<td>40.5%</td>
</tr>
<tr>
<td>Work Experience</td>
<td>0 – 1 year</td>
<td>17</td>
<td>7.9%</td>
</tr>
<tr>
<td></td>
<td>2 – 5 years</td>
<td>161</td>
<td>74.9%</td>
</tr>
<tr>
<td></td>
<td>Over 5 years</td>
<td>37</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

Note: n = 215.

Table 1 demonstrates that 81% of participants were female and 19% were male. This shows that more females were easily accessible for the study due to their occupation. Although the manufacturing sector is male-dominated, women tend to occupy office management positions (Van Antwerpen & Ferreira, 2020). The results indicate that manufacturing SMEs dominate office-based employees between the ages of 18 and 35, accounting for 55% of the respondents who participated in this analysis and 45% of 36 and above. Furthermore, the results reveal that participants with diplomas and degrees dominated this study. Allen et al. (2021) corroborate this finding by stating that degree holders in South Africa have a lower unemployment rate than the general population. However, the results were for SMEs in the manufacturing sector, and it cannot be concluded that degree holders are the most employed group in South Africa.

Participants were asked to disclose their occupation status. Table 1 shows that 46.0% hold positions as administration clerks and 40.5% of respondents chose another option as their occupation. The occupations listed as “other” included registry clerks, accounts managers, sales managers, operation managers, plant managers, quality managers, dispatch supervisors, supervisors, and interns. A further 7.9% of the respondents were
assistant managers, 4.2% were in human resources, and 1.4% were managers. The results indicate that manufacturing SMEs are dominated by administration clerks, which are the study’s main focus, as they are obligated to enact administrative practices toward environmental compliance. In addition, results indicate that most of the participants have between 2 and 5 years of experience, which indicates that employees have the necessary expertise and are very well-experienced in their occupations.

3. RESULTS

The results of the inquiry about whether environmental regulatory compliance is mandatory in the SMEs under study are displayed in Table 2. There is consensus amongst the participants that complying with environmental regulations is compulsory. Aragon-Correa et al. (2020), Davids (2020), and Dwarika (2015) affirmed that mandatory compliance has a powerful impact on the environmental performance of SMEs.

Table 2. Compulsory compliance with environmental regulations

<table>
<thead>
<tr>
<th>Response</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>215</td>
<td>100%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

The study found the following administrative practices prevalent among the investigated manufacturing SMEs (Table 3). The respondents agreed that obtaining a license to operate is a requirement for their organization. 57% of the respondents agreed with this statement, and 41% strongly agreed. Only 2% remained neutral with the response. Acquiring a business operating license increases SMEs’ chances of survival since, without a license, a business is deemed to be operating illegally.

Furthermore, Table 3 illustrates that 65% of respondents strongly agreed that obtaining rights to utilize land or space for the organization to operate is a requirement. Further, 34% of respondents also agreed with this statement, and only 1% were neutral in their responses. The findings indicate that for SMEs to operate correctly, having the right to occupy land or space is essential, and they confirm that SMEs are aware of the administrative practices to implement when complying with SPLUMA. The analysis of whether organizations retain compliance assessment reports is reflected in Table 3. The results show that 82% of the respondents had a neutral response, only 17% agreed with the statement, and 1% disagreed. In addition, Table 3 shows that 80% of respondents strongly agree that organizations maintain a filing system to manage records, and 20% agree. The results show that participants agree that it is essential to implement the administrative practice of managing and maintaining a filing system for the day-to-day management of records.

The analysis of whether SMEs use effective communication to ensure that everyone is aware of what is expected of them and to enhance compliance is depicted in Table 3. The results indicate that 92% of the respondents agreed with the statement, 5% strongly agreed, and 3% remained neutral. The findings indicate that SMEs concur that effective communication is essential to guaranteeing efficiency and compliance. The results for the question of whether employees in SMEs receive training to ensure adherence

<table>
<thead>
<tr>
<th>Administrative Practices</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>TA</th>
<th>TD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtaining operating license</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>57%</td>
<td>41%</td>
<td>98%</td>
<td>0%</td>
</tr>
<tr>
<td>Acquiring rights to utilize space or land</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>34%</td>
<td>65%</td>
<td>99%</td>
<td>0%</td>
</tr>
<tr>
<td>Compiling and storing assessment reports</td>
<td>0%</td>
<td>1%</td>
<td>82%</td>
<td>17%</td>
<td>0%</td>
<td>17%</td>
<td>1%</td>
</tr>
<tr>
<td>Managing filing system</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
<td>80%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Communication</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
<td>92%</td>
<td>5%</td>
<td>97%</td>
<td>0%</td>
</tr>
<tr>
<td>Training</td>
<td>1%</td>
<td>3%</td>
<td>83%</td>
<td>11%</td>
<td>2%</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>Maintenance reports</td>
<td>0%</td>
<td>1%</td>
<td>92%</td>
<td>7%</td>
<td>0%</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>Green initiatives programs</td>
<td>0%</td>
<td>6%</td>
<td>73%</td>
<td>21%</td>
<td>0%</td>
<td>21%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Note: 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree; TA = total agreement; TD = total disagreement.
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to environmental standards are presented in Table 3. Results show that 83% of respondents were neutral in their responses, indicating they neither agreed nor disagreed with the statement. 2% strongly agreed, 11% agreed, 3% disagreed, and 1% strongly disagreed with the statement. Contrary to a widely held belief, organizations must recognize the value of training and developing their employees because improved capabilities, knowledge, and skills promote employee performance (Rodriguez & Walters, 2017). As a result, employees who have received training are aware of the administration’s policies and the practices that must be implemented to guarantee that environmental regulations are followed.

In response to whether organizations conduct regular reports on the maintenance of equipment, Table 3 shows that 92% of respondents neither agreed nor disagreed with the statement by choosing to remain neutral, while 7% agreed and 1% disagreed with the statement. The findings show uncertainty in the responses, as respondents remained neutral. Table 3 reveals that 73% of respondents chose to remain neutral on whether organizations administer projects related to green initiatives to minimize pollutants. An additional 21% agreed with the statement, and 6% disagreed. The results indicate a gap in conducting the green initiative projects, as the response was neither positive nor negative. Green concept administrations were created to encourage people and businesses to comply with environmental regulations (Ghebrehiwet, 2019). Mwanza and Mbohwa (2017) state that recycling progress is slower without further legislative directives. As a result of the slow progress, it is difficult to comply with the law as it stands now regarding environmental protection.

4. DISCUSSION

The study identified administrative practices employed by SMEs in the manufacturing sector. The identified practices could assist SMEs with adhering to environmental regulations. This study’s findings indicate a consensus that complying with environmental regulations is compulsory; therefore, compliance is vital for SMEs’ survival. The results are supported by Sendawula et al. (2021), showing that the environmental sustainability practices of manufacturing SMEs are significantly predicted by the administrative strategies needed for regulatory compliance. It suggests that improvements in regulatory compliance result in improvements in environmental sustainability measures, which include waste management, water conservation, and energy efficiency.

Furthermore, the study’s findings revealed that it is a required practice for organizations to obtain an operating license to operate legitimately. The administrative practice of applying to obtain an operating license impacts SMEs’ chances of survival since, without a license, a business is operating unlawfully (Gongxeka, 2020). In addition, it was established that obtaining rights to utilize space or land for SMEs in the manufacturing sector is an essential administrative practice requirement. This practice is a requirement by SPLUMA, and for SMEs to be compliant, this practice must be adhered to. Akinyemi et al. (2019) mentioned that getting access to the land or facility where businesses operate is an important practice because it gives the company legitimacy and makes production easier by providing a workspace. This corresponds with SPLUMA, which stipulates that organizations have to be granted permission to utilize any land or space for operation from the local authority.

The neutrality of the responses that compliance assessment reports are being kept as a record for environmental compliance shows a disregard when it comes to organizing and filing documents. According to Obeng-Amoako (2016), poor documentation management has been one of the major challenges SMEs face, and proper documentation filing is an administrative practice that may affect compliance with environmental regulations. Assessment reports provide evidence of whether SMEs meet environmental regulatory compliance standards. SMEs do not have enough reports to refer to as a result of poor report storage to identify areas for improvement in compliance. However, the results indicated that participants agree that managing and maintaining a sound filing system is essen-
sential to ensuring compliance with environmental regulations. The efficiency and effectiveness of every organization depend on the type of filing system and indexing adopted (Obeng-Amoako, 2016). With proper filing and maintenance of records, organizations may quickly identify areas that need to be addressed to comply with environmental regulations. Although it is established that there is good communication within the organizations, there is uncertainty amongst employees about the environmental regulations that are to be complied with and whether SMEs administer projects related to green initiatives. However, there is a lack of communication between departments on whether SMEs are conducting regular reports on the maintenance of equipment, as employees are not clear on the compliance of this issue, as shown by the neutral responses. Effective communication is one of the most critical administrative skills to possess because it helps to convey the proper steps that must be taken for compliance (Robertsson, 2019) and improve productivity. It was established that equipment maintenance also plays a significant role in environmental compliance (Lundgren et al., 2021). Keeping maintenance records is crucial for future reference, as maintenance results do not typically manifest right away, making it challenging to confirm the advantages beforehand and justify maintenance spending. Pratiwi and Juniel (2019) assert that company documentation, irrespective of size, is crucial since business decisions are documented in writing.

CONCLUSION

The managerial skills of company executives have been the subject of numerous studies on the failure of SMEs. The administrative practices affecting environmental regulation compliance have not received much attention. The main purpose of this study was to examine the administrative practices employed by manufacturing SMEs and ascertain their influence on environmental regulatory compliance by these enterprises. The result revealed that the identified administrative practices can assist SMEs with adhering to environmental regulations. It has been established that SMEs’ long-term survival is contingent on complying with environmental regulations. The study offered a chance for an in-depth investigation into the administrative practices necessary to improve compliance. Therefore, this study adds value by highlighting the importance of environmental compliance for SMEs and how it can affect their survival. Although findings indicate that SMEs are complying with some environmental regulations, there are challenges that they still face in terms of those regulations.

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