



THE INFLUENCE OF EXPORT INCENTIVES ON GOLD JEWELLERY
MANUFACTURERS' DECISION TO EXPORT: THE CASE OF SELECTED
GAUTENG MANUFACTURERS

By

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ABSTRACT

Globally, governments encourage companies to pursue internationalisation in ways that include monetary and non-monetary export promotion support programmes. It is not known whether the various export promotion incentives available to South African companies are inducing them to consider exporting their products.

This research study used semi-structured interviews to examine the influence of government export incentives on selected South African, Gauteng-based gold jewellery manufacturers' decision to export their products. The research sought to analyse exports of South African-manufactured gold jewellery in the past decade and the level of awareness among the selected manufacturers of the export incentives on offer. In addition, the study sought to determine the barriers to export that confront jewellery exporters in both the South African and international markets.

The results of the study revealed that Gauteng based jewellery manufacturers are indeed influenced by export incentives to consider pursuing exports. The results further revealed that foreign clients prefer locally manufactured jewellery. This makes it difficult for South African jewellery manufacturers to claim a reasonable share in export markets. Additionally, in many cases transactions are processed through an internet system. Companies indicated that they had run afoul of fraudulent internet transactions, which resulted in most of their profit being stolen by unscrupulous individuals. The main recommendation is that manufacturers should only use established trading platforms and not engage with unsolicited buyers.

In addition, the results revealed that manufacturers experienced delays with payments that resulted in substantial cash flow problems. The researcher recommends that manufacturers rely on upfront payment or part payment or procure export credit guarantees to cover such eventualities.

Key words: Jewellery, Exports, Manufacturing, Incentives, Internationalisation

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DEDICATION

For my late mother and grandmother
Mrs. Martha, Nana, “Martana” MANZI
May her soul rest in eternal peace

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GLOSSARY

CLARIFICATION OF BASIC TERMS AND CONCEPTS

Caratage:	Denoted by the letter “k”, which according to the World Gold Council (n.d.) and Kaspin (2013) refers to the number of parts of gold in 24 parts with the remainder being other metals, which include silver and copper.
Exportation:	The process of selling goods and services to another country (Oxford Concise English Dictionary [OCED], 1999:502).
Gold:	A yellow precious metal used as a raw material in the gold jewellery manufacturing process (OCED, 1999:609).
Jewellery:	Ornaments for personal use such as necklaces, rings, and bracelets usually containing precious metals and stones (OCED, 1999:760).
Manufacturing:	A process which transforms raw materials into usable intermediary components and final goods for consumption (Ostwald & Munoz, 2008:1).

LIST OF ACRONYMS

CPUT: Cape Peninsula University of Technology

DTI: South African Department of Trade and Industry

EMIA: Export Marketing and Investment Assistance Scheme

GDP: Gross Domestic Product

HS: Harmonised System

NIPF: National Industrial Policy Framework

CAQDAS: Computer Aided Qualitative Data Analysis Software

SIC: Standard Industry Classification

SAPMDR: The South African Precious Metals and Diamond Regulator

SSAS: Sector-Specific Assistance Scheme

StatsSA: Statistics South Africa

UN: United Nations

EMIA: Export Marketing and Investment Assistance

CHAPTER 1

INTRODUCTION

1.1. Introduction

The aim of this study was to examine the influence of export incentives on gold jewellery manufacturers' decision to export jewellery products. Manufacturers, including manufacturers of gold jewellery, owe their existence to their customers' demand for products (Porter, 1974). The market for jewellery products exists locally and internationally; the choices and strategies for choosing which market to pursue remain the respective manufacturer's prerogative (Samiee et al., 1993). This choice can be influenced by what Dana et al. (2009) refer to as push or pull factors. Dana et al. (2009) cite the arrival of a large unsolicited key order from overseas, or the existence of government incentives, as examples of pull factors that could trigger a firm to export. Push factors include the coming into effect of a trade agreement, the removal of tariffs, and improved travel between countries.

Governments the world over, South Africa included, are continually measuring their trade balances, which is a computation of the difference between imports and exports. Governments therefore do not only desire that manufacturers within their jurisdictions become competitive and sustainable, but also actively encourage them to export value-added goods, even incentivising this through export marketing programmes (Leonidou et al., 2007; Moini, 1998).

At the end of 2016, the manufacturing sector contributed about 13% to the South African gross domestic product and employed some 1.68 million people (Statistics South Africa [StatsSA], 2017c); StatsSA, 2017b), or 12.3% of the over 9.5 million job opportunities in the country (StatsSA, 2017d:4). Manufacturing is a process that transforms raw materials into usable intermediary components and final goods for consumption (Ostwald & Munoz, 2008:1). It is one of the significant employment-creating sectors of the economy in South Africa. South Africa also has a developed mining industry, especially gold and diamond mining, which has been in existence for more than 100 years (Richardson & Van Helten, 1984). There are demonstrable strong backward and forward linkages between mining and manufacturing, in the sense that manufactured capital equipment is used in mining operations, whereas raw materials mined are inputs into the manufacturing of jewellery (Fessehaie, 2012; Lydall, 2009). A major proportion of all the gold produced globally on annual basis is used in jewellery production, and in 2016, of the 4,309 tonnes of global gold demand, 2,040 tonnes were used to produce jewellery products with the remainder being used in technology, investment, and central bank reserves (Street et al., 2017:2-10). Street et al. (2017:4) further report that China, India, the Middle East and the United States of America accounted for almost 80% of the 2016

annual demand for gold jewellery, with South Africa not even profiled as one of the gold-consuming countries globally. Since South Africa is not a major player in gold jewellery consumption, for gold jewellery manufacturers to achieve significant growth in production they need to consider exporting. Exportation is the most preferred, prompt, low cost, and easiest conduit for businesses to enter foreign markets (Leonidou et al., 2007).

Gold jewellery manufacturing is broadly referred to as the “manufacture of jewellery and its articles” under the classification of economic activities and is coded as 3921, with a further subdivision of 39211, the “manufacture of jewellery and related articles composed of precious metals, precious and semi-precious stones, and pearls” (StatsSA, 2012). For the purpose of this research, the precious metal used in the manufacturing process is gold, which is alloyed with other metals into different caratage levels to improve its malleability and durability, and sometimes to change its colour (World Gold Council, n.d.). The gold content in gold jewellery is measured in karats, denoted by the letter k, which refers to the number of parts of gold in 24 parts with the remainder being other metals, which include silver and copper (World Gold Council, n.d.; Kaspin, 2013). The World Gold Council (n.d.) lists the various caratages as 9k (37.5%), 10k (41.7%), 14k (58.3%), 18k (75%), and 22k (91.7%), with the percentages in brackets denoting the gold content in the alloy. Table 1-1, below, provides an expanded guide to the various gold alloys used in the manufacturing of gold jewellery.

Table 1-1: Gold alloys (World Gold Council, n.d.)

Caratage	Gold (Au)	Silver (Ag)	Copper (Cu)
9k	37.50%	42.50%	20.00%
10k	41.70%	52.00%	6.30%
14k	58.30%	30.00%	11.70%
18k	75.00%	15.00%	10.00%
22k	91.70%	5.00%	2.00%

International trade is facilitated under the harmonised system (HS), a commodity naming and classification system that provides standardisation globally (United Nations [UN], 2017). In the context of this research, manufactured jewellery exports refer to “articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal” and, according to the World Customs Organisation (2017), carries a tariff heading of HS7113. The next session discusses the background to the study.

1.2. Background to the research problem

The South African gold jewellery industry comprises of manufacturing, wholesale, and retail (Da Silva, 1999). The retail subsector of the industry is responsible for getting the jewellery products to consumers and retailers, which they buy from manufacturers and wholesalers who are either local or international (Porter, 1974). According to Ostwald and Munoz (2008:1), manufacturing is the conversion of raw materials into finished items which can then be sold to consumers. In the case of gold jewellery manufacturing, gold alloys procured from a refinery are transformed into such items as chains, bangles, bracelets, earrings and wedding bands (Virtual Metals Research and Consulting Limited, 2006:83). The supply of raw gold and uncut diamonds is highly regulated by the South African Diamond and Precious Metals Regulator in accordance with the Precious Metals Act, Act 37 of 2005, and the Diamond Act, Act 30 of 2005 respectively (SADPMR, 2006a:2; SADPMR, 2006b:3).

South Africa has, through the Department of Trade and Industry (DTI), developed and implemented an integrated national export strategy (DTI, 2015b). According to DTI (2015b), there are two incentives offered to gold jewellery manufacturing exporters, namely, the Export Marketing and Investment Assistance Scheme (EMIA), and the Sector-Specific Assistance Scheme (SSAS). The development and implementation of this national strategy should serve to curtail the decline in jewellery exports, which according to Short and Radebe (2008:7) fell by 24.31% from 2004 to 2006. The level of jewellery exports reached 6.1 tonnes in 2016, representing an increase of only 20% since 2005 (Short & Radebe, 2008:7). This level of growth is miniscule in comparison with the growth levels recorded by Turkey, China, Switzerland, and France of 92.7%, 85%, 60.4%, and 54.7%, respectively, since 2007 (World's Top Exports, n.d.). South African jewellery export growth is obviously lagging behind that of competitor countries, despite the many incentives on offer to jewellery manufacturers to increase their exports.

According to Leonidou et al. (2007), exporting benefits the national economy through increased levels of employment, new technology absorption and increased living standards. At the level of the firm, a number of benefits accrue, including an improved competitive advantage, increased managerial skills, greater capacity utilisation, and an improved financial position. This research sought to investigate the influence of export incentives on selected Gauteng-based jewellery manufacturers. The volume of gold jewellery exports needs to grow in order for jewellery-manufacturing firms to increase their competitiveness and profitability while simultaneously contributing towards the growth of the national economy. The next session highlights the research problem.

1.3. Research problem statement

There are various support programmes and incentives aimed at improving the competitiveness of the South African jewellery-manufacturing sector, in both the local and export markets. These support measures and incentives include tax rebates, equipment capitalisation support, working capital support, marketing support, as well as non-cash support measures such as training and sector-specific support programmes (DTI, 2015a). Despite the availability of these incentives to both the public and private sectors, the number of exporting jewellery manufacturers has remained stagnant, and the amount of exported gold jewellery products has not increased significantly in the most recent past. If the aims of the many export incentives are to be realised, a deeper understanding of the gaps that might exist between the incentives on offer and the expectations of potential beneficiaries of these incentives needs to be achieved. The purpose of this study is therefore to investigate the influence of export incentives on gold jewellery manufacturers' decision to export jewellery products. The next session explains the research questions and the research objectives.

1.4. Aim and objectives of the research

1.4.1. Aim of the research

The aim of this research is to examine the influence of export incentives on gold jewellery manufacturers' decision to export jewellery products.

1.4.2. Research questions

1.4.2.1. Main research question

How do existing export incentives influence jewellery manufacturers' decision to pursue exports of jewellery?

1.4.2.2. Sub-questions

1. How do the available South African jewellery export incentives influence manufacturers' decision to export?
2. What are the available South African export incentives offered to gold jewellery manufacturers?
3. What is the level of awareness of the existing export incentives among gold jewellery manufacturers?
4. How accessible or not are jewellery export incentives in South Africa?

1.4.3. Objectives of the research

- To investigate the influence that existing export incentives have on selected Gauteng gold jewellery manufacturers' decision to export jewellery products.
- To explore the available South African export incentives offered to gold jewellery manufacturers.
- To measure the level of awareness of the existing export incentives among gold jewellery manufacturers.
- To understand how accessible or not the jewellery export incentives are in South Africa.

1.5. Overview of the Research Methodology and Design

To pursue the objectives of the study, the researcher selected gold jewellery manufacturing companies based in Gauteng, South Africa. A total of ten jewellery manufacturers based in Gauteng were identified and approached for participation in the study. These manufacturers each assigned a participant to take part in the research. Semi-structured interviews were used as the main source of data collection for this case study. The interviews provided the researcher with the opportunity to hear accounts of the lived experiences of the participants. The qualitative data analysis (QDA) software Atlas.ti was used by the researcher to analyse the interview data. Specific details of data collection, sample selection, population and data analysis will be further discussed in Chapter 4.

1.6. Chapter Summary

This chapter provided an introduction to the study by highlighting the purpose of the study, the research problem, and the research questions that guided the trajectory of the inquiry. An overview of the significance of the South African jewellery industry was provided to help frame the issue being investigated. The next chapter will provide an in-depth look into the South African jewellery manufacturing industry and the policies that govern exports from South Africa.

1.7. Structure of the dissertation

Chapter One presents an introduction to and overview of the study. Included in this chapter are the background of the research problem, the research problem, the research questions, and the research objectives. Chapter Two discusses the South African jewellery industry along with a review of the dynamics of the jewellery sector. Chapter Three provides an in-depth review of literature that is germane to the research topic. In Chapter Four, the research methodology and design of the study are described in detail, including the methods of data

collection and analysis. The chapter includes a rationale for the researcher's choice of a case study methodology to investigate the influence of incentives on the export of jewellery. In Chapter Five, the data is analysed, and the findings are presented. This chapter includes narratives from the participants in the study. In Chapter Six, conclusions are reached, and recommendations are made for further research. Figure 1.1 below provides a diagrammatical representation of the dissertation structure.

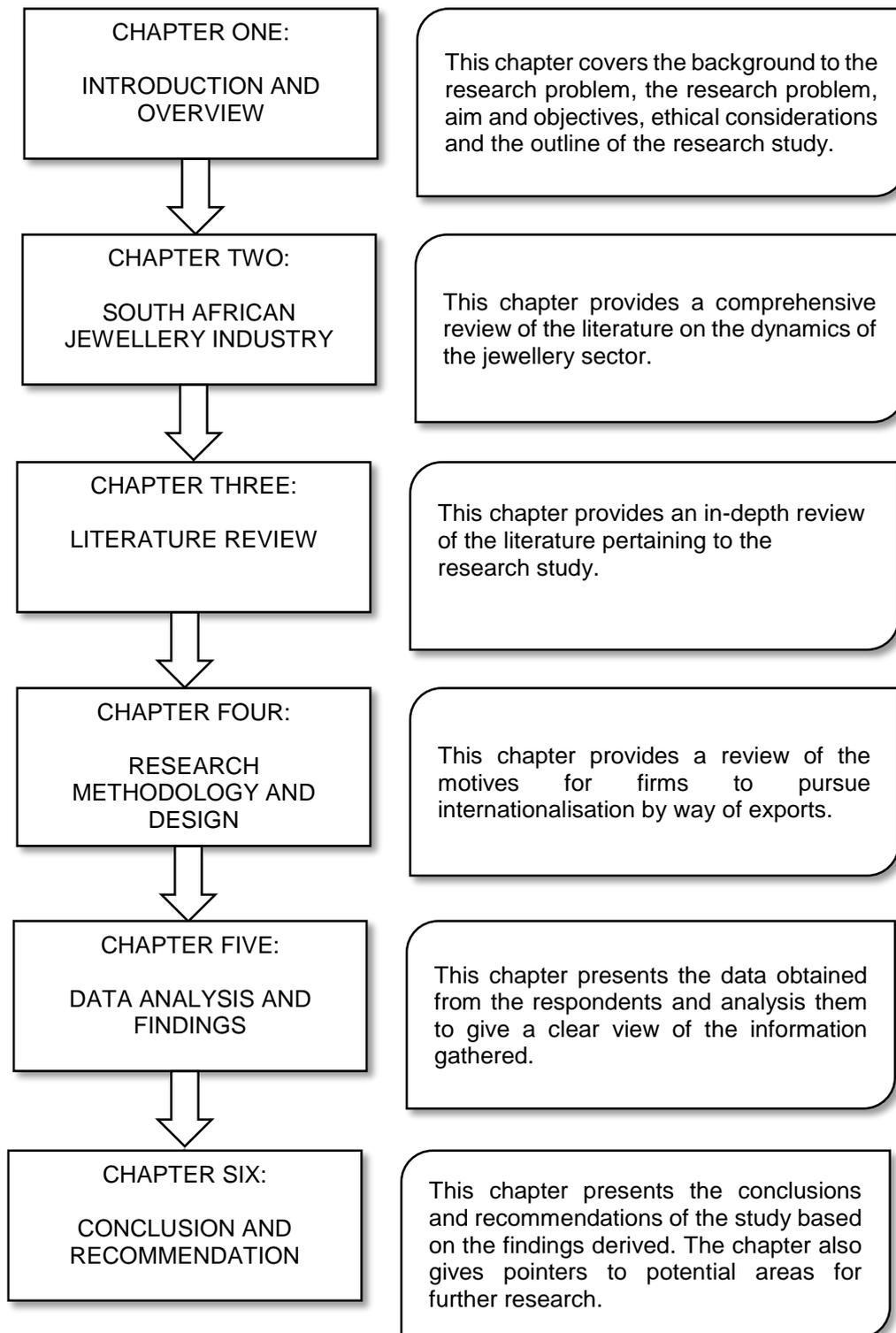


Figure 1-1: Dissertation layout

CHAPTER 2

SOUTH AFRICAN JEWELLERY INDUSTRY

2.1. Introduction

The previous chapter introduced the study by describing its purpose, the research problem, and the research questions that guided the inquiry. This chapter offers a comprehensive review of literature on the dynamics of the jewellery sector. This will furnish the reader with an informed perspective on the issue being examined in the study.

Pursuing export as a diversification strategy for local gold jewellery manufacturers is necessary because of an increase in imports in recent years that is eroding their market share. According to Gold in South Africa (2006:68), production of gold jewellery stood at 9,640 kilograms in 2004 and declined to 7,180 kilograms in 2006 (Short & Radebe, 2008:37). This represents a 26% decline over a three-year period. The decline has apparently continued unabated, with current gold jewellery production estimated at only 1.1 tonnes annually (SADPMR, 2019:39). This decline in production has seen a corresponding decline in the number of South African manufacturers from 2,456 in 2004 (Gold in South Africa, 2006:71) to an estimated 500 in 2006 (Short & Radebe, 2008:34). In 2015 Rajah (2015:4) reported that the number of jewellery manufacturers had dwindled to 333, and there is no reason to suggest that the decline has ceased.

As this chapter unfolds, the South African manufacturing and export sectors will be discussed in detail. This will help to frame the issue that the study is investigating. An outline of this chapter appears in Figure 2-1, below.

CHAPTER 2

SOUTH AFRICAN JEWELLERY INDUSTRY

2.1	Introduction
2.2	The South African manufacturing sector
2.3	South African manufactured jewellery trade
2.4	Gold jewellery manufacturing
2.5	The Importance of exports at firm and national levels
2.6	South African policy on exports
2.7	South African trade agreements
2.8	Global jewellery supply and demand
2.9	Export Marketing and Investment Assistance Scheme (EMIA)
2.10	Sector Specific Assistance Scheme (SSAS)
2.11	Export credit insurance
2.12	Working capital support
2.13	Chapter Conclusion

Figure 2-1: Chapter 2 layout

2.2. The South African manufacturing sector

Manufacturing is an industrial activity that converts raw materials into finished products (Ostwald & Munoz, 2008). Naudé and Adam (2009) claim that for a country's economy to transition from an agrarian type characterised by primary production to a modern one, it has to adopt manufacturing activities as a precursor to economic development. According to StatsSA (2017a:8), the South African Gross Domestic Product (GDP) includes a number of contributing sectors such as agriculture, forestry and fishing, mining, electricity, gas and water, construction, trade, catering and accommodation, transport, storage and communication, general government services, finance, real estate and business services, and personal services. Manufacturing's contribution to the GDP remains significant at 13%, as shown in Figure 2-2, below.

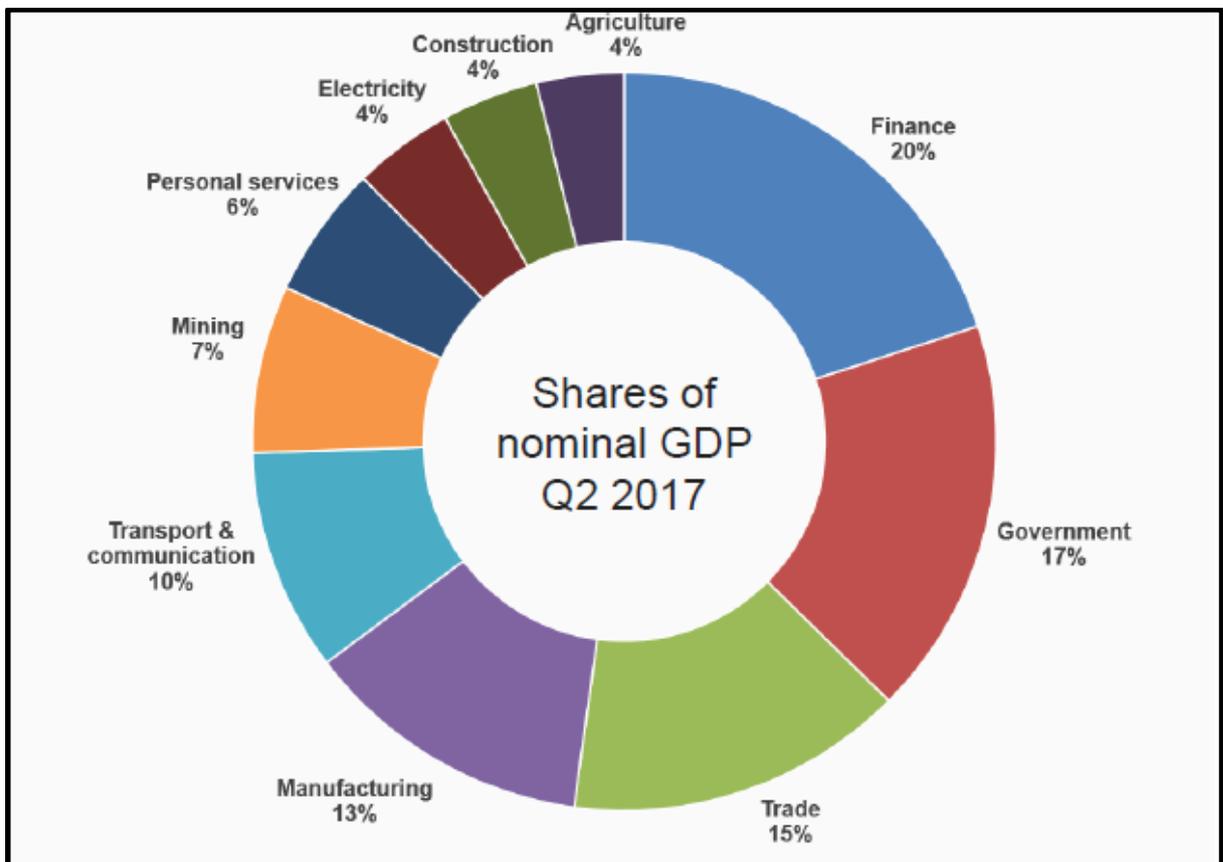


Figure 2-2: Sectors' contribution to Gross Domestic Product. Source: StatsSA (2017a:12)

The rapid economic growth experienced by Britain, some European countries, and the USA during the mid-nineteenth century was driven by high productive activities in manufacturing, which was replicated in the twentieth century by Japan, the East Asian Tigers, and latterly, China (Naudé & Adam, 2009). The successes attained by these countries suggests that developing countries such as South Africa should pursue manufacturing as a way of improving their populations' fortunes (Naudé & Adam, 2009).

2.3. South African manufactured jewellery trade

The exports of jewellery from South Africa to global markets have increased from about R200 million in the year 2000 to close on R2.8 billion in the last financial year (Quantec, 2019); whereas imports increased from about R150 million to slightly over R0.5 billion during the same period (Quantec, 2019). Figure 2-3, below, depicts the trade performance of the South African jewellery sector between 2000 and 2019 (Quantec, 2019). During the period under consideration, the trade in manufactured jewellery has yielded a trade balance showing rapid acceleration between 2014 and 2018.

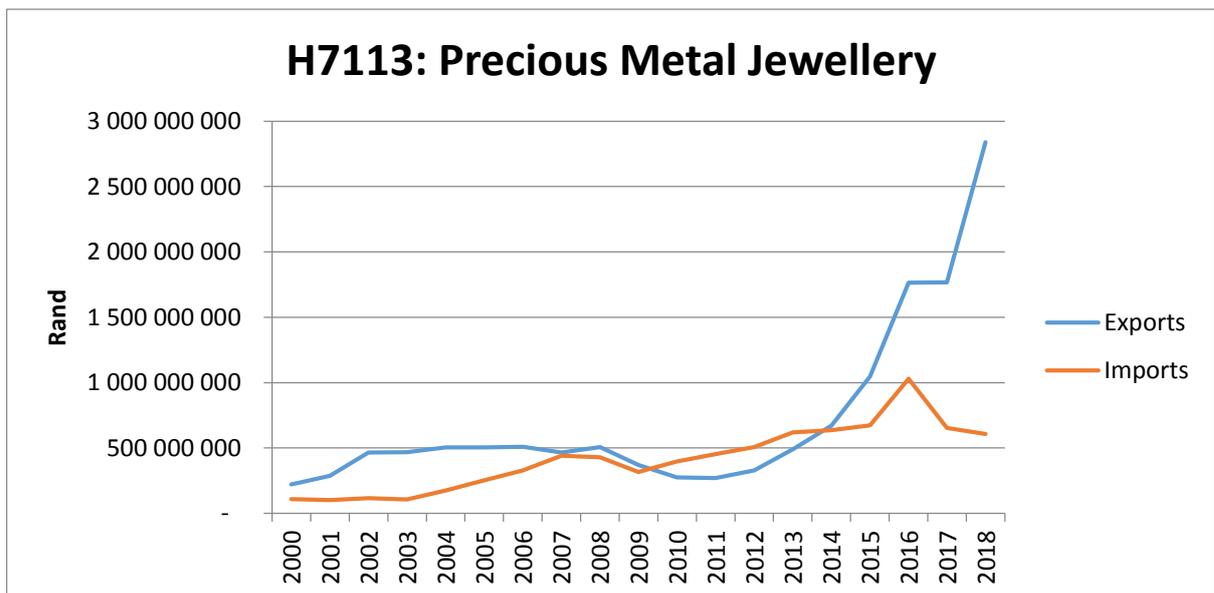


Figure 2-3: South African jewellery trade data, 2000 to 2018 (Quantec, 2019)

Figure 2-4, below, depicts the gold supply chain from the mine to the consumer, with gold jewellery manufacturing for both export and local consumption taking place within the manufacturing stage of the supply chain (Olden, 2010). Olden's depiction is broadly similar to the gold supply chain suggested by Gupta et al. (2013:16).

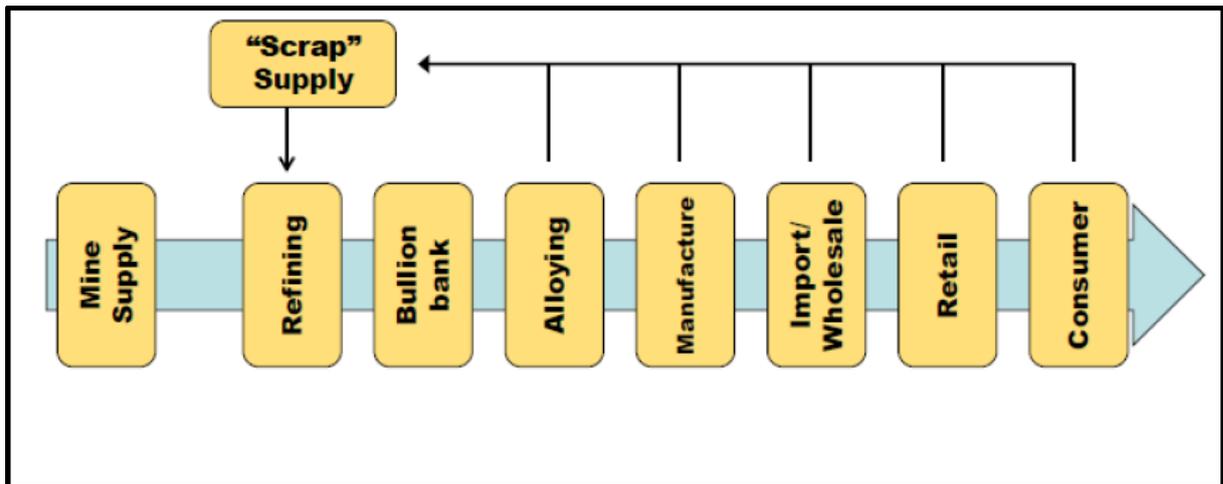


Figure 2-4: The gold supply chain (Olden, 2010)

2.4. Gold jewellery manufacturing

According to Paiva et al. (2012), jewellery manufacturing is the art of producing artefacts that are ornamental in nature to be worn by humans for beautification purposes. In the case of gold jewellery, the base metal used for the manufacturing of the artefacts is gold. Gold jewellery manufacturing is broadly referred to as the “manufacture of jewellery and its articles” under the classification of economic activities and is coded as 3921 with a further subdivision of 39211, the “manufacture of jewellery and related articles composed of precious metals, precious and semi-precious stones, and pearls” (StatsSA, 2012). For manufacturing purposes, gold is alloyed with other metals to dilute the gold content into different caratage levels to improve its malleability and durability and, in some instances, to change its colour (Weston, 2012; World Gold Council, n.d.).

2.5. The Importance of exports at firm and national levels

Diamantopoulos et al. (1993, as quoted in Francis & Collins-Dodd, 2004) assert that there are varying degrees of benefit to be derived by companies from export incentives, depending on their stage of involvement on the export continuum. According to Diamantopoulos et al. (1993), during the early stages, export incentives provide businesses with information on how to become an exporter and thus become motivated to export. In the second and third stages, businesses obtain further information about exporting as well as assistance in conducting export business. De Falco and Simoni (2014) note that the bureaucracy associated with government incentives is a challenge for established exporters, unlike emerging exporters who seem to have greater tolerance for red-tape in order to access such support.

Both Pattnayak and Thangavelu (2014) and Wagner (2013, in Haddoud et al., 2017) attest to the fact that exports at firm level result in growth and increased competitiveness, with resultant

increases in levels of productivity, innovation, and performance. This is supported by Purlys (2007), who lists among the benefits of exporting, efficiency enhancement of production capacity, stimulation of product or service diversification, as well as reduction of risk. In order to attain export-led economic growth, countries have to implement export promotion strategies, as China has done, with positive outcomes (Xue, 1995). According to Bernard et al. (2007), exporting firms enjoy a marked advantage over non-exporting firms, with the former showing high levels of growth, skills and capital intensity, and paying their employees more on average. Leonidou et al. (2007) list among the further benefits of exports a resultant increase in domestic employment, a source of foreign exchange, the creation of backward and forward economic linkages, and the development of new technologies resulting in an overall increase in the standard of living.

2.6. South African policy on exports

Exporting and importing are aspects of international trade and are generally considered to be the exchange of tradable products or commodities and services across national borders (Seyoum, 2008:7). The South African Department of Trade and Industry (DTI) (2007:23) in its National Industrial Policy Framework (NIPF) advocates the boosting of exports by developing and implementing appropriate export promotion strategies. Increased levels of exports are desirable in order to deal decisively with the scourges of unemployment, poverty, and inequality confronting the country, in addition to reducing the current account deficit (DTI, 2007:23). The strategy of dealing with economic and social woes through exports has led countries similar to South Africa to develop policies to encourage non-exporters to consider exporting (Moini, 1998).

2.7. South African trade agreements

Together with Botswana, Lesotho, Namibia and Swaziland, South Africa is a member country of the Southern African Customs Union (SACU), which allows for the duty-free traffic of all goods including manufacturers' jewellery over each other's borders (Kirk & Stern, 2005; SACU, n.d.). SACU has entered into trade agreements with other countries and trading blocs to form free-trade agreements, preferential trade agreements, non-reciprocal trade agreements, as well as other agreements. South Africa has also entered into similar agreements unilaterally with other countries and with other trading blocs (Francois et al., 2005; DTI, n.d.g). The most significant of such free-trade agreements is the duty-free entry into the US of almost 7000 products emanating from 39 Sub-Saharan African countries, with South African manufactured jewellery being one of the qualifying products (Centre for Export Development, 2017).

2.8. Global jewellery supply and demand

A major proportion of all the gold produced globally on an annual basis is used in jewellery production. In 2016, of the 4,309 tonnes' global gold demand, 2,040 tonnes were used to produce jewellery products, with the remainder being used in technology, investments, and central banks' reserves (Street et al., 2017:2-10). Street et al. (2017:4) report that China, India, the Middle East, and the United States of America accounted for almost 80% of the 2016 annual demand for gold jewellery, with South Africa not even profiled as a gold-consuming country. Since South Africa is not a major player in gold jewellery consumption, for gold jewellery manufacturers to achieve significant growth in production they need to consider exporting. Leonidou et al. (2007) consider exportation to be the most preferred, prompt, low cost, and easiest conduit for businesses to enter foreign markets.

2.9. Export Marketing and Investment Assistance Scheme (EMIA)

EMIA is a government support scheme which provides export promotion support to South African domiciled manufacturing and services provision companies as an incentive to pursue export opportunities in international markets as well as expose potential foreign direct investors to the South African investment landscape (DTI, n.d.a). DTI (n.d.a) asserts that the aim of the EMIA scheme seeks to achieve this by, inter alia, providing marketing assistance, conducting market research to identify export markets, assisting potential exporters to improve competitiveness, and introducing Black-owned business to exporting.

To facilitate access to incentives such as EMIA by local companies, DTI partners with 18 independent organisations comprising a number of export councils, industry associations and joint action groups among them the Jewellery Council of South Africa (JCSA), an industry association tasked with the responsibility to promote manufactured jewellery exports and investment in the precious metals sector (DTI, n.d.d) . Furthermore, DTI relies on the services of provincial investment agencies to organise export and investment promotion activities (DTI, n.d.f).

2.10. Sector Specific Assistance Scheme (SSAS)

SSAS, on the other hand, seeks among its objectives to provide funding to entities – in particular, non-profit organisations – operating in the area of export promotion as it relates to export growth stimulation and the introduction of small and medium enterprises to exporting (DTI, n.d.c). The Sector Specific Assistance Scheme (SSAS) provides project funding to export councils and provincial export agencies in specified priority sectors and sub-sectors of industry,

in line with the Department of Trade and Industry's export strategy (DTI, n.d.c). The objectives of the SSAS are listed by DTI (n.d.c) as the following:

- To stimulate export growth
- To grow the export base of South African manufactured goods
- To stimulate the participation of Small and Medium Enterprises (SMEs) in exportation
- To promote the economic empowerment of previously disadvantaged South Africans
- To promote the use of backward linkages in value-adding productive activities
- To promote job retention and creation

2.11. Export credit insurance

The Export Credit Insurance Company (n.d.) is a South African state-owned company that was established to provide insurance coverage, against political and commercial risks, to South African domiciled manufacturing exporters who offer goods to export clients on credit.

2.12. Working capital support

According to the Industrial Development Corporation (IDC) (2014), the former South African Minister of Trade and Industry, Dr. Rob Davies, launched a gold loan scheme aimed at ensuring local jewellery manufacturers access to funding to buy raw materials for processing into jewellery. The IDC further reports that this scheme seeks to assist local jewellers to increase their production and improve competitiveness so that they are able to supply the local and export markets. Furthermore, at the launch of the scheme it was expected that it would enable local jewellery manufacturers to take advantage of the free-trade agreement between countries in Sub-Saharan Africa, including South Africa, which enjoy duty-free entry into the US under the Africa Growth and Opportunities Act (IDC, 2014).

2.13. Chapter Conclusion

This chapter provided a review of the literature on the dynamics of the jewellery sector. The increase in the import level of gold has made the export strategy more rational and effective for local gold manufacturers. Although there has been no particular reason for the decline in the production of gold jewellery and gold manufacturers from 2004 onwards, a lack of export strategy can be assumed to be at least a part cause.

This chapter sheds light on the importance of exports at firm and national levels by scrutinising previous research carried out on this topic. The Department of Trade and Industry has put in

place councils, industry associations and joint action groups to facilitate communication in the manufacturing sector of South Africa. These organisations are also tasked with creating incentives for exports. Research reveals that exports at firm level result in growth and increased competitiveness with resultant increases in levels of productivity, innovation, and performance, resulting in an overall increase in the standard of living. This chapter also discussed South Africa's export policy and trade agreements in the context of the supply and demand of gold jewellery. The next chapter reviews literature relevant to how incentive programmes impact the export process in South Africa, as well as internationalisation and international trade processes.

CHAPTER 3

LITERATURE REVIEW

3.1. Introduction

The previous chapter described the framework within which the jewellery sector operates in South Africa. This chapter will provide a review of the relevant literature in the areas of international marketing, export promotion, and internationalisation. According Saunders et al. (2009:60), a literature review should critically review what has been written previously on a topic, with due reference to the research questions and objectives. Database searches on the research topic, "The influence of export incentives on gold jewellery manufacturers' decision to export: A case of selected Gauteng manufacturers," did not return any close matches, thereby proving its uniqueness. The focus of this chapter rests upon internationalisation, and upon exporting as a means of achieving it. According to Leonidou et al. (2007), exporting remains the most popular, prompt, and the easiest of all methods for firms to enter international markets, due to exporting requiring fewer company resources and offering a high degree of flexibility with minimal risk.

An outline of this chapter appears in Figure 3-1, below.

CHAPTER 3

LITERATURE REVIEW

3.1	Introduction
3.2	Theoretical perspectives on internationalisation
3.2.1	Uppsala model of internationalisation
3.2.2	The network model
3.2.3	Resource-based view
3.2.4	EPRG Model
3.2.5	Eclectic paradigm
3.2.6	Transaction Cost Analysis (TCA) model
3.2.7	International Entrepreneurship
3.3	Other authors' research on export promotion
3.4	Motivation for internationalisation
3.5	Entry mode
3.6	Importance of international trade
3.7	International marketing
3.8	The Importance of exports at firm and national levels
3.9	Export marketing
3.10	International trade landscape
3.10.1	Trade and marketing barriers
3.11	A conceptual framework
3.12	Research questions
3.12.1	Main research question
3.12.2	Sub-questions
3.13	Chapter summary

Figure 3-1: Structure of Chapter 3

3.2. Theoretical perspectives on internationalisation

According to Page and Meyer (1999:5), a theory can be built inductively or deductively. In the case of the former, the theory is derived by formulating a conclusion after observing specifics and arriving at a general theory; whereas in the latter mode, theory is developed from generally known principles and accommodating specific circumstances by generalisation. This research is essentially inductive in nature, in that (according to Leedy and Ormrod, 2005:32), inductive reasoning develops from particular occurrences within a sample to generalise about a population; in sum, inductive reasoning moves from the particular to the general (Babbie, 2007, in De Vos et al., 2011:49).

In order to examine internationalisation in depth, the researcher selected seminal research on the topic. Johanson and Vahlne (1977) define internationalisation as a process by which firms gradually increase their international presence, which could be by way of exporting to a country, establishing export channels or establishing an in-country selling subsidiary. Alternatively, internationalisation can be construed as an attitude that a firm has towards foreign activities, leading towards the execution of such activities in a chosen foreign market (Johanson & Wiedersheim-Paul, 1975). There are several theories underpinning internationalisation, including what Whitelock (2002) characterises as the Uppsala model, based on work done by Johanson and Wiedersheim-Paul (1975). Morgan and Katsikeas (1997) note that the basis for the theory of internationalisation was laid by Smith (1776) and Ricardo (1821), who argued that countries stood to gain the most if each of them focused on the production of goods and services in which they held a position of competitive advantage. According to Morgan and Katsikeas (1997), exports bring about economy-wide productivity returns, eventuating in increased levels of gross domestic product and per capita income.

There are two distinct pathways by which a firm may internationalise, either organically/incrementally (an example of which is the Uppsala internationalisation theoretical framework) (Hollensen, 2007:89); or following a rapid internationalisation process featuring international new ventures and so-called born-global firms that are from inception internationally inclined. This is illustrated in Figure 3-2, below.

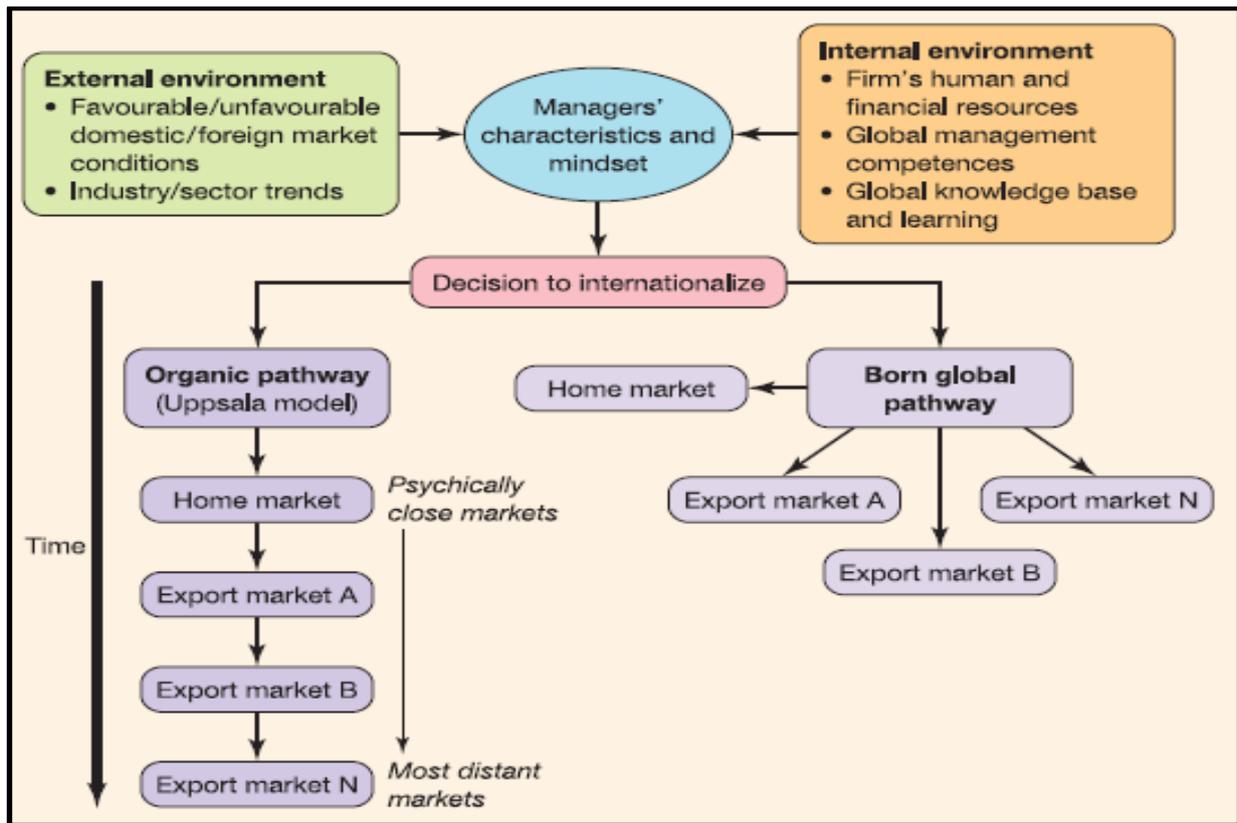


Figure 3-2: Pathways for internationalisation (Hollensen 2007:89)

3.2.1. Uppsala model of internationalisation

According to Morgan and Katsikeas (1997), much of the literature on internationalisation draws inspiration from the work of researchers from the Uppsala School. This strand of thinking asserts that internationalisation is a process that evolves over time as a firm makes foreign commitments. Johanson and Wiedersheim-Paul (1975) agree that a firm's internationalisation process takes place through successive stages that represent higher degrees of international involvement. These stages are summarised in Table 3-1, below. Table 3-2 offers a comparative perspective on various theoretical elaborations of this model.

Table 3-1: Stages of internationalisation (Johanson & Wiedersheim-Paul, 1975)

- | |
|--|
| <p>Stage 1: No regular export activities.</p> <p>Stage 2: Export via independent representatives (agents).</p> <p>Stage 3: Establishment of an overseas sales subsidiary.</p> <p>Stage 4: Overseas production/manufacturing units.</p> |
|--|

Table 3-2: Incremental internationalisation models. Adapted from Crick (1995:78)

Stages	Bilkey (1978)	Cavusgil (1980)	(Czinkota & Johnston, 1981)	(Reid, 1981)	(Crick, 1995)	(Leonidou & Katsikeas, 1996)
Stage 1	The firm is unwilling to export	A firm pursues domestic marketing and sells to the local market	A firm pursues domestic marketing and sells to the local market	The firm is export aware although still struggles with identifying opportunities that may lead to exports	Non-exporters	Pre-export engagement
Stage 2	Firm fulfils unsolicited orders however does not explore further opportunities to export	Firm starts searching for information relating to a market and evaluates feasibility of pursuing exports	Firm starts searching for information relating to a market and evaluates feasibility of pursuing exports	The firm has an intent to export and is motivated to pursue exports	Passive exporters	Initial export
Stage 3	The firm explores the feasibility of exporting	Firm starts exporting to a country nearby	Firm starts exporting to a country nearby	The firm tries out exporting and begins to learn from the experience	Active exporters	Advanced export
Stage 4	The firm exports experimentally to one or a few markets	Firm pursues exports to more countries	Firm pursues exports to more countries	The firm begins to evaluate the results of previous export pursuits		
Stage 5	The firm is an experienced exporter to selected markets	Firm begins to decide regarding the allocation of resources to both local and international markets	Firm begins to decide regarding the allocation of resources to both local and international markets	The firm begins to accept exports and decides on whether to continue exporting or not		
Stage 6	The firm explores possibilities of exporting to additional markets					

The Uppsala internationalisation model thus asserts that firms enter markets over extended periods based on their knowledge base, starting first with markets closest to them and later, after undergoing some learning, venturing into other more distant markets, with the firm having the prerogative to enter a certain export market or not (Whitelock, 2002).

Onkvisit and Shaw (2004:15) advance a new theoretical premise which suggests that some firms manage to become global players from inception, thereby bypassing the various stages of internationalisation. This is particularly true for high technology firms that have seen no need to pursue a business model with a domestic focus before going overseas (Onkvisit & Shaw, 2004:15).

3.2.2. The network model

According to Johanson and Vahlne (2009), the business network view assumes that the market represents networks of relationships that link firms in varying dimensions of interdependence, providing opportunities for learning and building trust and commitment, the cornerstones of any internationalisation effort. Coviello and Munro (1997) similarly construe markets as a system of social and industrial relationships, which may be among customers, suppliers, competitors, family and friends alike. Established business networks play a major role in a firm's foreign market identification process (Johanson & Vahlne, 2009). Although the Uppsala model as conceived in the mid-1970s established the foundations of internationalisation theory, subsequent developments in the industrial landscape have underlined the explanatory importance of the network model in the internationalisation process (Whitelock, 2002). According to Johanson and Vahlne (2009), the network internationalisation process model comprises of state and change aspects, as depicted in Figure 3-3: Firms change as a result of lessons learned from operating in international markets, as well as through the level of commitment they make in the foreign market in order to cement their standing (Johanson & Vahlne, 2009).

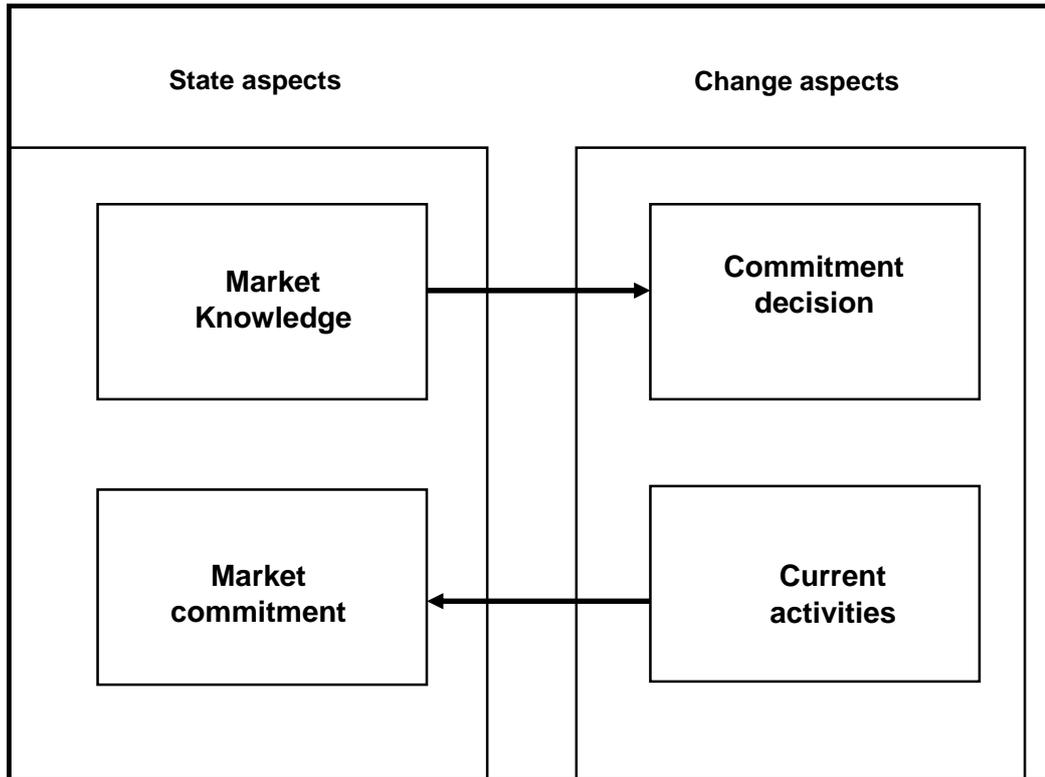


Figure 3-3: The internationalisation process of the firm (Johanson & Vahlne, 2009:1412)

3.2.3. Resource-based view

According to Wilkinson and Brouthers (2006), manufacturers' attainment of international success in pursuing export opportunities is commensurate with the amount of resources they commit. Unlike large manufacturers, small and medium firms are confronted with resource scarcity and consequently consider exports too risky, rather focusing their efforts on gaining a local market share. The resource-based view maintains that firms can derive sustainable competitive advantage in the local and exports markets from offering products of value that are rare and difficult to emulate (Barney, 1991, in Ogasavara et al., 2016).

3.2.4. EPRG Model

According to Crnjak-Karanovic (2002), the EPRG model is an ethnocentric, polycentric, regiocentric and geocentric framework used by firms as a strategic tool to pursue internationalisation. According to Drachal (2014), the EPRG model is used in international marketing to determine a company's strategic orientation, an important factor since costs and profits differ in line with a firm's orientation.

Ethnocentric orientated companies tend to maintain a strong link to their home-based approaches, methods, and values, to the extent of replicating their marketing mix in the host country, whereas those with a polycentric approach will endeavour to adapt their marketing mix to meet local conditions. Regiocentric inclined firms tend to maintain a similar marketing strategy intra-regionally, while geocentric orientated companies tend to evaluate the situation and create products to be positioned in line with the various markets' demands (Crnjak-Karanovic, 2002). According to Hollensen (2011:387), the geocentric orientation assumes that global markets comprise of similarities and differences, recognition of which enables the creation of an international strategy to exploit the similarities between markets for the benefits of the firm.

3.2.5. Eclectic paradigm

According to Dunning (1988), the eclectic paradigm recognises that firms can internationalise through international production, that is, establishing production capacity in a foreign country as a way of entering that market. Daszkiewicz and Wach (2012:68) reckon that the eclectic paradigm of internationalisation represents foreign production, which is the final stage of the Uppsala internationalisation theory. The eclectic paradigm is also referred to as the ownership-location-internalisation (OLI) framework (Hollensen, 2011:73). As Dunning (1988) professes, advantages accrue to a firm that embarks on international production and these include ownership, location, and internalisation. The disadvantages of this paradigm range from not speaking the local language to having limited knowledge of local customer demands (Dunning, 1988).

According to Dunning (2000), multinational companies' ownership of firm-specific competencies such as patents, trademarks, technology and brand names tends to give them an edge over local firms in servicing a particular international market. These ownership advantages allow a firm to establish a presence in another country so as to take advantage of resources such as minerals that are abundantly located in that country. Dunning observes that firms can accrue profits by exploiting both their ownership and location advantages through internationalisation, as opposed to the adoption of unrelated party market activities such as leasing, licensing, franchising and the formation of joint ventures. Figure 3-4, below, summarises Dunning's OLI framework as it relates to foreign market choice and entry mode.

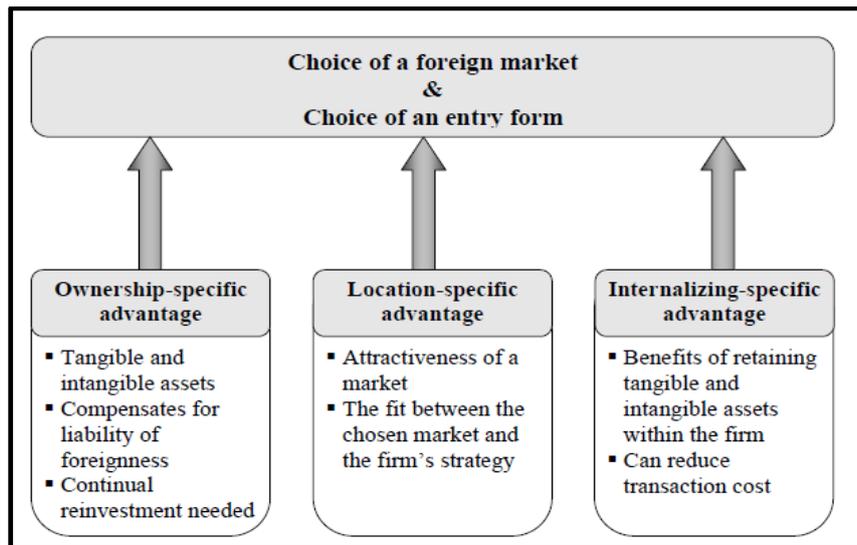


Figure 3-4: Advantages needed when entering foreign markets (Hermannsdottir, 2008:7)

3.2.6. Transaction Cost Analysis (TCA) model

According to Coase (1937) in Hollensen (2011:77), Transaction Cost Analysis (TCA) as a theory predicts that the internationalisation of business activities within a firm will be pursued to the extent that the costs associated with such activities continue to provide a cost advantage. This notion is supported by Klein et al. (1990), who argue that the use of TCA by firms can assist them to decide whether to conduct marketing and distribution activities abroad on their own or employ the services of agents to reach wholesalers, retailers or final customers. As further noted by Hollensen (2011:78), firms pursue vertical integration solely to reduce transaction costs, else they opt to outsource the activity and locate it where it can be done cheaply.

3.2.7. International Entrepreneurship

According to McDougall (1989), international entrepreneurship is to be characterised as the development of international new ventures or start-ups which consider themselves international from their inception. Zahra (1993) defines international entrepreneurship in terms of a firm's propensity to take risks, and concludes that it is a measure of a firm's makeup and significance as it pursues international markets. McDougall and Oviatt (1996; 2000) similarly associate international entrepreneurship with proactive value, created through activities that are innovative and risk seeking and transcend national frontiers. Another angle on international entrepreneurship is to see it as a new managerial approach, involving organising and managing a business effort with a global orientation (Rask & Servais, 2015). For further views and their implications, please see the Tables below.

3.3. Other authors' research on export promotion

Table 3-3: Some authors who have conducted research in the area of internationalisation

Author(s)	Research title	Research question(s)	Research results
(Nalcaci & Yagci, 2014)	<i>"The effects of marketing capabilities on export performance using resource-based view: assessment on manufacturing companies"</i>	To what extent do resources and marketing capabilities affect the export performance of manufacturers in international markets	<ul style="list-style-type: none"> • Lack of information about the markets prohibits the firm from seeing the opportunities presented by the market. • High-performance firms use their resources for export activities to attain their goals.
(Leonidou et al., 2007)	<i>"An analytical review of the factors stimulating smaller firms to export: Implications for policy-makers"</i>	Establish the reasons that may stimulate firms to export	<ul style="list-style-type: none"> • Motives that encourage firms to export: <ol style="list-style-type: none"> (1) Desire to achieve extra sales, profits, and growth, (2) Utilisation of idle production capacity, (3) Exploitation of a unique or patented design (4) Escape a saturated domestic market (5) Reduction of dependence on the local market (6) Take advantage of an unsolicited export order
(Moini, 1998)	<i>"Small Firms Exporting: How effective are government export assistance programs?"</i>	What is the effectiveness of the exporting assistance programmes offered by government supporting agencies	<ul style="list-style-type: none"> • Lower levels of awareness of the export assistance programmes on offer. • Most participants have accessed the export assistance on offer. • Demonstrable benefit derived from have benefited from the programmes. • Motives for pursuing exports were identified as: <ol style="list-style-type: none"> (1) Increasing sales through exports (2) Penetration of new export markets (3) Increasing local production to meet export orders (4) Gaining and servicing new foreign customers (5) Increasing net profit (6) taking advantage of growing foreign markets (7) improved product (8) Improved exporting process (9) improving international networking opportunities
(Francis & Collins-Dodd, 2004)	<i>"Impact of export promotion programs on firm competencies, strategies, and performance"</i>	Determine ways in which export promotion programmes increase firms' export awareness and participation	<ul style="list-style-type: none"> • Firms that access export assistance programmes prioritise and pursue market diversification strategies in the short and long term. • Firms a lot of different programmes demonstrate heightened geographic diversification of their exports.

Table 3-4: Key lessons from the writings by these authors

Author(s)	Key Lessons
(Nalcaci & Yagci, 2014)	<ul style="list-style-type: none"> • It is important for firms seeking opportunities presented in the market to have information. • The use of resources is important for firms to attain their export goals.
(Leonidou et al., 2007)	<ul style="list-style-type: none"> • Firms are motivated to export by the desire to achieve extra sales, profits, and growth, Utilisation of idle production capacity. • Firms exploit uniqueness or patents to gain an edge in the market.
(Moini, 1998)	<ul style="list-style-type: none"> • The assistance available is accessible to most participants. • There are lower levels of awareness of the export assistance programmes on offer.
(Francis & Collins-Dodd, 2004)	<ul style="list-style-type: none"> • Accessing export assistance programmes should be a priority for firms who wish to pursue market diversification strategies in the short and long term. • Different programmes demonstrate heightened geographic diversification of their exports.

3.4. Motivation for internationalisation

Apart from the opportunities for profit and growth offered by foreign markets, Katsikeas (1996) identifies (among other stimuli) access to government sponsored export promotion programmes as one of the reasons that firms embark on export programmes. According to Leonidou et al. (2007), export stimuli comprise any factors that trigger a firm's decision to start exporting; while exporting is beneficial to manufacturers, the majority of them do not pursue exports due to inadequate stimulation. Stimuli to export are likely to differ depending on the export destination (Katsikeas, 1996). Katsikeas (1996) lists the following possible export stimuli:

Table 3-5: List of export stimuli (Katsikeas, 1996)

- Having an export-orientated manager within the company
- Being presented with an unsolicited export order
- Firm level managerial expertise
- Opportunity to diversify markets as a risk mitigation factor
- Pursuit of opportunities for more profit and growth opportunities in export markets
- Firm's ability to adapt current product offerings for export markets
- Attractive and accessible government export incentives
- Government-sponsored export promotion programmes awareness
- Available production capacity
- Favourable import tariffs by export destination
- Local currency depreciation against foreign target markets currencies
- Favourable product regulations in target countries' markets
- Attainment of economies of scale due to additional orders to fulfil export orders
- Loss in local market share due to increased competition
- Local market saturation
- Ownership of unique and innovative products
- Opportunity to reduce stock in hand

Hollensen (2011:50) classifies motives for internationalisation as either being proactive or reactive in nature. A company's proactive approach to internationalisation reflects a change in strategy and hinges on the company's desire to exploit its own unique product offerings or pursue opportunities presented by an export market. Reactive motives, on the other hand, are a consequence of pressure exerted on a company emanating from either a local or foreign export market, resulting in the company having to change over time (Hollensen, 2011:50). As presented in Table 3-4, below, Hollensen (2011:51) provides a list of export stimuli comparable to that of Katsikeas (1996), but divided between proactive and reactive stimuli.

Table 3-6: Motives for starting exports (Hollensen, 2011:51)

Proactive motives	Reactive motives
<ul style="list-style-type: none"> • Pursuit of profitability and growth prospects • Managerial capacity • Unique product offerings • Export opportunities and information • Attainment of economies of scale • Favourable taxation 	<ul style="list-style-type: none"> • Competition • Saturated or small local market • Production capacity underutilisation • Unsolicited export orders • Deal with market seasonality • Closeness of export markets

Other scholars have defined these proactive and reactive motives as pull and push factors, respectively (Madanoglu et al., 2017). A different classification identifies internal and external stimuli, as reflected in the more elaborate taxonomy of such factors that appears as Figure 3-5, below (Leonidou et al., 2007; cf. Belniak, 2015).

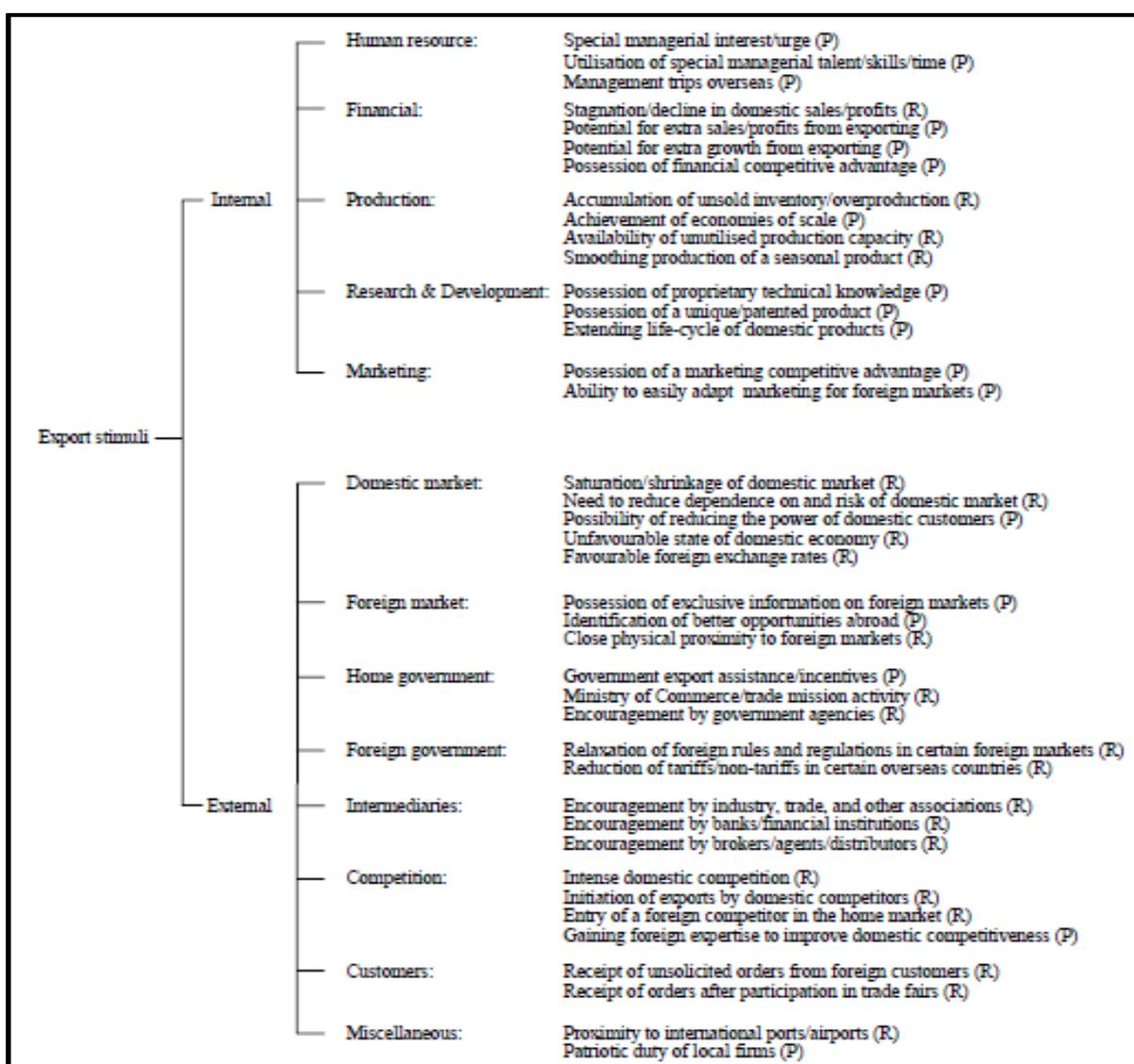


Figure 3-5: Classification of internationalisation factors (Leonidou et al., 2007)

3.5. Entry mode

Hill (2013:491) identifies exporting, turnkey projects, licencing, franchising, joint venture establishment, or the creation of a new subsidiary in a foreign market as the methods through which firms can internationalise. While each mode has advantages and disadvantages, exporting remains the most common, prompt, and simplest way for firms to internationalise (Zafarullah et al., 1997). Exporting requires fewer resources and is both flexible and less risky; it eliminates the need for the substantial capital outlay associated with the establishment of a factory in a foreign market and provides a platform for learning more about the target market (Hill, 2013:491). At the same time, the firm's manufacturing home base may not necessarily be the most cost-effective location from which to manufacture for export, and exporting has other pitfalls such as high transport costs, tariff barriers, as well as complete loss of control over the firm's marketing if such an activity is outsourced to an agent in the export market (Hill, 2013).

3.6. Importance of international trade

According to Seyoum (2008:7), international trade allows manufacturers to competitively source goods and services from foreign markets in order to reduce the cost of production. It improves incomes and creates high wage employment (Seyoum, 2008:8). International trade can also assist manufacturers to achieve economies of scale, enabling them to reach competitively customers beyond their local markets (Czinkota & Ronkainen, 2007:39).

At the consumer and dealer level, an expectation exists that each party involved in trade stands to gain from the other, an expectation more pronounced when nations trade with each other (Onkvisit & Shaw, 2004:23). According to Onkvisit and Shaw, it is almost impossible for countries to be competitively self-sufficient, which makes trade a necessity. This introduces the Heckscher-Ohlin factor endowment theory, which according to Onkvisit and Shaw (2004:30) postulates that a country's price comparative advantage is a function of that country's abundance of resource endowments. Thus, a country richly endowed with a particular commodity would be inclined to export such a commodity.

3.7. International marketing

International marketing is considered by Czinkota and Ronkainen (2007:5) to be a process by which firms conduct and conclude business transactions across national borders to satisfy individuals' and organisations' needs. It is also used as a tool to improve a firm's current standing and take the form of import-export trade. Cateora et al. (2011:10) define international

marketing as the undertaking of business activities including planning, pricing, promotion, and directing the penetration of the firm's goods and services to international customers for profit. According to Czinkota and Ronkainen (2007:5), international marketing is similar to domestic marketing in that both emphasise the exchange of goods and services for the purpose of satisfying market needs or demands. An international marketer, however, according to Czinkota and Ronkainen (2007:5), has to operate within an environment characterised by laws, customs and cultural practices that may not exist within a firm's domestic market. This concept is captured more succinctly by Ghauri and Cateora (2009:13), in their depiction of the international marketing task that appears in Figure 3-6, below. In this figure, a clear distinction is made between what firms are exposed to in domestic and foreign environments.

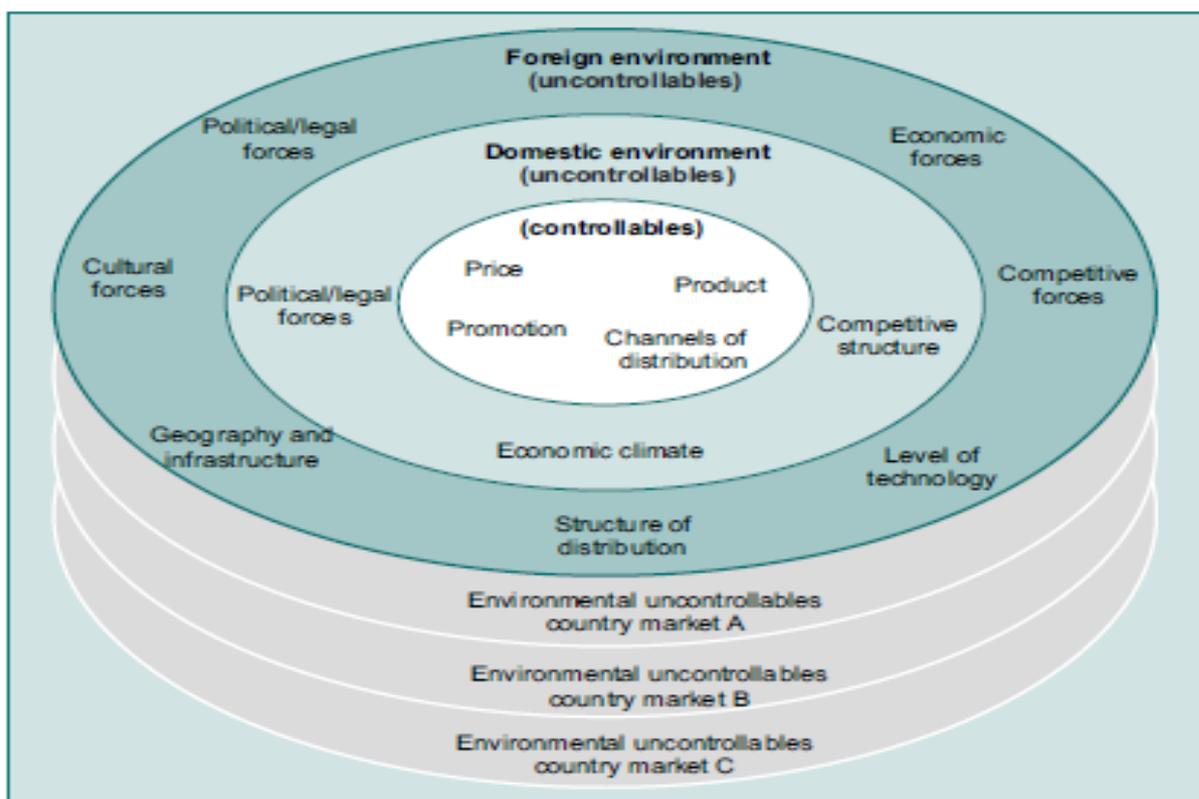


Figure 3-6: The international marketing task (Ghauri & Cateora, 2009:13)

According to Onkvisit and Shaw (2004:15), the benefits of international marketing include survival and growth, sales and profits, diversification, inflation and price consideration, employment creation, improvement of living standards as well as exposure to international marketing processes. The range of challenges attendant on international marketing is indicated in the above figure by the sheer number of “uncontrollables” to be encountered in the foreign environment.

3.8. The Importance of exports at firm and national levels

Diamantopoulos et al. (1993) assert in Francis and Collins-Dodd (2004) that there are varying degrees of benefits to be derived by companies from export incentives, depending on their stage of involvement on the export continuum. According to Diamantopoulos et al. (1993), during the early stages, export incentives provide businesses with information on how to become an exporter and thus motivate them to export. They further state that in the second and third stages, businesses obtain more information about exporting as well as assistance in conducting export business within the export market. Despite the benefits listed above, De Falco and Simoni (2014) find the bureaucracy associated with government incentives to be a challenge for established exporters, unlike emerging exporters who seem willing to tolerate it in order to access such support.

Pattnayak and Thangavelu (2014), as well as Wagner (2013) in Haddoud et al. (2017), attest to the fact that exports at firm level result in growth and increased competitiveness, with resultant increases in levels of productivity, innovation, and performance. This is supported by Purlys (2007), who lists among the benefits for exporting, efficiency enhancement of production capacity, stimulation of product or service diversification, as well as reduction of risk. In order to achieve export-led economic growth, countries have to implement export promotion strategies, as China has done (Xue, 1995). According to Bernard et al. (2007), research demonstrates that exporting firms enjoy a marked advantage over non-exporting firms, showing higher levels of growth, skills and capital intensity, and paying their employees more on average. Leonidou et al. (2007) claim that the benefits of exports include a resultant increase in domestic employment, a source of foreign exchange, the creation of backward and forward economic linkages, and the development of new technologies, resulting in an overall increase in the standard of living.

3.9. Export marketing

Export marketing is the process of preparing and making a service offering in order to arouse the foreign buyer's interest (Kühn, 2010). According to Wilkinson and Brouthers (2006), governments tend to be more aggressive in export promotion, a subset of export marketing. Czinkota and Ronkainen (2007:324) introduce the concept of export marketing mix, which comprises product adaptation, export pricing, marketing communication, and distribution management. The international marketing mix locates a product at the core of any attempt by a firm to embark on internationalisation to distinguish itself in the market place. Upon entering international markets, a firm faces several alternatives: selling its product offering as is,

modifying the product to suit international consumers' needs, designing a completely new product, or developing a product with global appeal (Czinkota & Ronkainen, 2007).

3.10. International trade landscape

According to Kotabe and Helsen (2010:32), global economies have become interdependent. The result is sustained Gross Domestic Product (GDP) growth, with growing flows in goods and services, commonly known as international trade, in excess of the overall growth of the global economy. This growth in international trade is attributable to the market liberalisation ushered in by the General Agreement on Tariffs and Trade (GATT) as adopted by the World Trade Organisation (WTO), which has resulted in barriers to trade diminishing (Kotabe & Helsen, 2010:32).

Hill (2013:177) summarises the internationalisation theories of Smith, Ricardo, and Heckscher-Ohlin by suggesting that a country's economy stands to benefit from international trade due to the level of specialisation that accrues to that country, thereby allowing the country to manufacture and export products whilst importing products produced competitively from other countries.

3.10.1. Trade and marketing barriers

Trade distortions and marketing barriers exist in the international business environment, despite advantages such as efficiency increases and the economic welfare that accrues from free trade practices (Onkvisit & Shaw, 2004:53). Onkvisit and Shaw (2004) define trade barriers as government protectionist laws, regulations, and policies that seek to support local firms against undue competition from imported products, or to stimulate the exportation of local products. According to Kotabe and Helsen (1998:146), governments are tasked with the responsibility of protecting their manufacturing industrial bases against any undue international competition by investing in selected industries or providing support incentives, so that they can become competitive or grow in size to a certain level. According to Bilkey (1978), Onkvisit and Shaw (2004:53) and Czinkota and Ronkainen (2007:44), exporters are confronted by a myriad of barriers, of which some are listed below in Table 3-7.

Table 3-7: Selected export-related trade barriers

(Bilkey, 1978)	Onkvisit & Shaw, (2004:53)	Czinkota & Ronkainen (2007:44)
<ul style="list-style-type: none"> • Perceived high risk • Insufficient capital • Protective foreign government regulations • Inadequate/inappropriate distribution channels • Insufficient knowledge of marketing opportunities in foreign market • Difficulties in understanding foreign business practices • Difficulties in conforming to foreign product standards and specifications • Difficulties in collecting payments from foreign customers • Inadequate representation in foreign markets • Lack of foreign marketing connections 	<ul style="list-style-type: none"> • Import policies • Standards, testing, labelling, and certification • Government procurement policies (local content regulations) • Export subsidies • Lack of intellectual property protection • Services barriers • Investment barriers • Anticompetitive practices tolerated by foreign governments • Trade restrictions affecting electronic commerce • Other barriers such as bribery and corruption 	<ul style="list-style-type: none"> • Special import authorisation • Restrictions on data processing • Voluntary export restraints • Advance import deposits • Taxes on foreign exchange deals • Preferential licensing applications • Licensing fees • Excise duties • Discretionary licensing • Trade restrictions on e-commerce • Anti-competitive practices • Country quotas • Testing and labelling • Seasonal prohibitions • Health and sanitary prohibitions • Certifications • Foreign exchange licencing • Barter and countertrade requirements • Customs surcharges • Stamp taxes • Consular invoice fees • Taxes on transport • Export subsidies • Lack of intellectual property protection

3.11. A conceptual framework

Figure 3-7, below, depicts a conceptual framework for the study, devised by the researcher to reflect the study's concern with determining the impact that government export incentives have on manufacturing gold jewellery exporters' decision to participate in exporting.

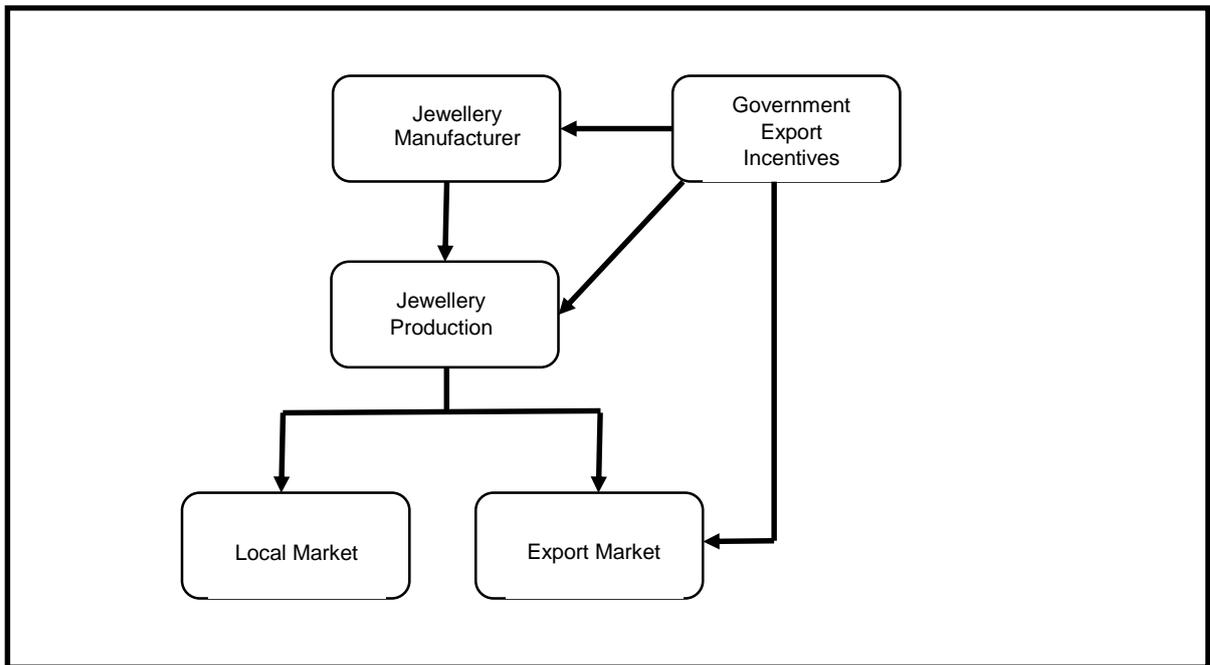


Figure 3-7: Conceptual framework developed for this study

3.12. Research questions

The literature review has highlighted some of the existing export incentives that influence the decision of manufacturers of jewellery to pursue its export. The various articles reviewed point to there being several factors that influence this decision.

3.12.1. Main research question

How do existing export incentives influence jewellery manufacturers' decision to pursue exports of jewellery?

3.12.2. Sub-questions

5. How do the available South African jewellery export incentives influence manufacturers' decision to export?
6. What are the available South African export incentives offered to gold jewellery manufacturers?
7. What is the level of awareness of the existing export incentives among gold jewellery manufacturers?
8. How accessible or not are jewellery export incentives in South Africa?

3.13. Chapter summary

This chapter has provided a comprehensive review of published research germane to the topic of study. The literature reviewed includes research on internationalisation, theoretical frameworks on internationalisation, export support programmes, and the international trade landscape. At the conclusion of the chapter the study's research question and sub questions were re-stated, underlining the study's focus on the hitherto unexplored question of what influences jewellery manufacturers in South Africa to pursue the export of jewellery.

The next chapter will describe and discuss the methodology used to conduct this research.

CHAPTER 4

RESEARCH METHODOLOGY AND DESIGN

4.1. Introduction

The previous chapter reviewed selected literature on internationalisation, export support programmes, and the international trade landscape. The literature review revealed that virtually no research has been conducted on Gauteng based jewellery manufacturers to determine whether or not, export incentives do influence their decision to embark on exports. This study is therefore intended to fill that gap.

In this chapter, the methodology used to carry out this study is presented and discussed in detail. This includes the selection of participants, the data collection process, protection of data, the scope of the research, the ethical questions considered, and the challenges encountered along the way.

4.2. Research objectives revisited

The research sought:

- To investigate the influence that existing export incentives have on selected Gauteng gold jewellery manufacturers' decision to export jewellery products.
- To explore the available South African export incentives offered to gold jewellery manufacturers.
- To measure the level of awareness of the existing export incentives among gold jewellery manufacturers.
- To understand how accessible or not the jewellery export incentives are in South Africa.

In order to achieve these objectives, the research process was organised in the way suggested by the structure of this chapter, as indicated in Figure 4-1, below.

CHAPTER 4

RESEARCH METHODOLOGY AND DESIGN

4.1	Introduction
4.2	Research objectives revisited
4.3	Research frame
4.4	Research philosophy
4.4.1	Ontology
4.4.1.1	Objectivism
4.4.1.2	Subjectivism
4.4.1.3	Axiology
4.5	Research approaches
4.5.1	Deduction
4.5.2	Induction
4.6	Research strategies
4.7	Selection of participants
4.7.1	Research purpose
4.7.2	Exploratory
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4.8.1	Time horizons
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4.9.1.1	In-depth interviews
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4.14.2	Anonymity
4.14.3	Confidentiality
4.15	Chapter summary

Figure 4-1: Chapter 4 layout

4.3. Research frame

Welman et al. (2005:2-3) consider research to be a process of utilising objective methods and procedures to unearth scientific understanding, in an effort to enhance or advance knowledge in a particular field of study. According to the authors, the methods for acquiring scientific knowledge of human behaviour differ quite considerably from a layperson's perspective. Kothari (2004:1) defines research as the art of scientific investigation, involving a systematic search for appropriate information about a specific topic. According to Welman et al. (2005:2), the research methodology of a study provides the rationale behind the research methods and techniques used in conducting the research. Research methodology focuses on the research processes, tools, and procedures used in conducting research (Mouton, 2001:56).

In order to describe the influence of export incentives on the selected gold jewellery manufacturers' inclination, or lack thereof, towards gold jewellery exports, the research onion as developed by Saunders et al. (2009:132) and illustrated in Figure 4-2, below, guided the research design and methodology. According to Saunders et al. (2009:132), the research onion is an illustrative depiction of a systematic research process flow.

The research onion maps out the research process in accordance with the philosophy, method choice, strategy, time horizon, and lastly the techniques and procedures adopted to conduct the research. According to Holden and Lynch (2004), the researcher's philosophical stance coupled with the phenomenon being researched ought to determine the methodological choice. This assertion is supported by Saunders et al.'s (2009:132) research onion, whose outer layer indicates the priority of determining a philosophical premise, to be followed by an appropriate methodological choice. The methodology is thus secondary to the paradigm or basic belief system that guides the research (Saunders et al., 2009:100).

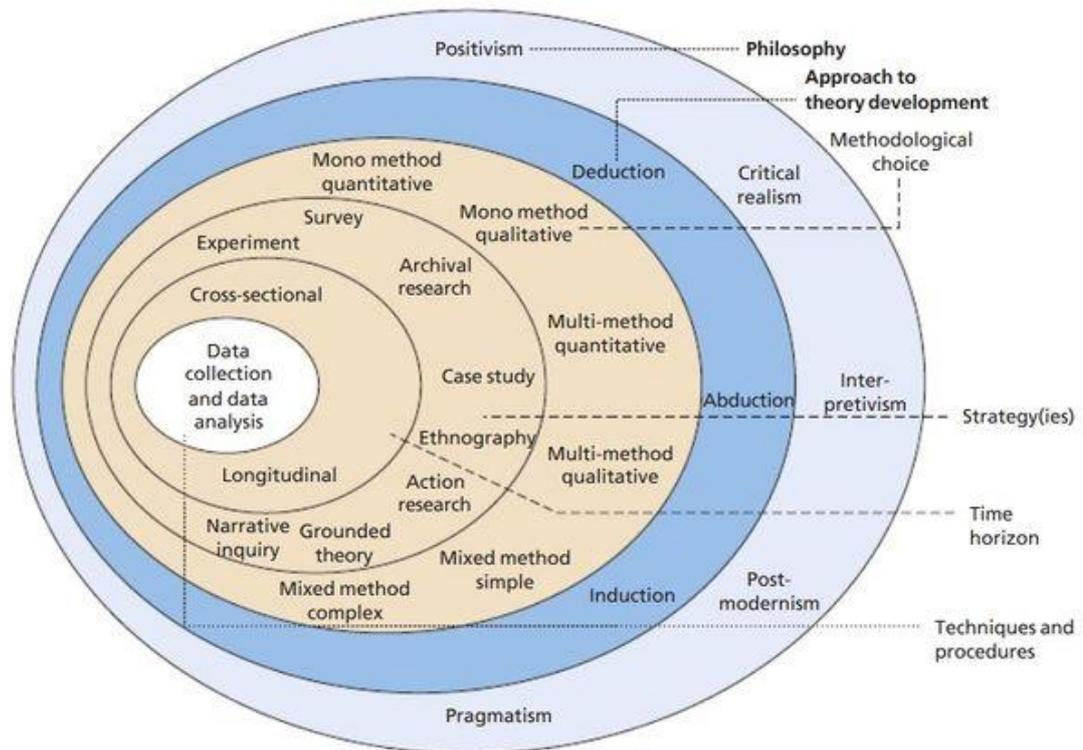


Figure 4-2: Research onion. Adapted from Saunders et al. (2007:102)

4.4. Research philosophy

According to Creswell (2007:15), a researcher's decision to embark on a particular study should be consciously grounded in philosophical assumptions that are dependent on the his or her worldview. These assumptions pertain to ontology, epistemology, axiology, rhetoric and method (Creswell, 2007:15). Thus the methodology chosen by a researcher who is concerned with facts about an environment would vastly from that of one interested in the attitudes and feelings of participants within the same environment (Saunders et al., 2009:101-102). Saunders et al. (2009:102) identify three major aspects of thinking that together determine the research paradigm: ontology, epistemology and axiology.

4.4.1. Ontology

According to Creswell (2007:16) and Saunders et al. (2009:110), ontology is a philosophical stance concerned with the nature of reality and the assumptions researchers make about the way the world around them operates. An ontological perspective can have two principal orientations, objectivism and subjectivism (Saunders et al., 2009:110). In this research study, a subjective ontological approach was adopted to the extent that the study dealt with opinions rather than the extraction of factual, quantitatively measurable outcomes.

4.4.1.1. Objectivism

Sutrisna (2009) points out that objectivism is an ontological orientation that postulates that phenomena and their meanings exist independently of the actors who observe and define them. An objectivist research endeavour yields data or information that can be defined and defended, proved to be true or false, and definitively quantified (Saunders et al., 2009:110).

4.4.1.2. Subjectivism

According to Saunders et al. (2009:110), subjectivism postulates that social phenomena emanate from the perception and resultant actions of those interested in the presence of such phenomena. A subjectivist approach is therefore concerned with understanding the meanings attached to social phenomena by individuals. Subjective or qualitative data depends on human perceptions and therefore cannot be proven (Saunders et al., 2009:111).

4.4.1.3. Axiology

Axiology deals with ethics, incorporating the values that the researcher brings to the research subject matter (Wahyuni, 2012). Saunders et al. (2009) insist on the importance of the role the researcher's values play throughout the research process in establishing the credibility of the research results. The researcher holds such values as honesty, integrity respect. These values played a pivotal role in the manner in which the researchers interacted and treated the respondents during the course of this study. The axiology followed in this research ensured full compliance with the ethical considerations prescribed for conducting research. The research proceeded only after the necessary ethical clearances were sought and obtained from the university's Ethics Committee.

4.5. Research approaches

4.5.1. Deduction

According to Ritchie et al. (2003:23), deduction generates propositions and hypotheses theoretically through a logically derivative process. A deductive approach typically involves formulating a hypothesis based on an existing theory, and then designing a research strategy to test the hypothesis. Deduction was not used in this research because this study was qualitative in nature and not amenable to the development of generalising hypotheses.

4.5.2. Induction

Ritchie et al. (2003:23) explain that induction focusses on patterns and associations emerging from observations of the world around us. Although there is a close association between an inductive paradigm and qualitative research, both deduction and induction can be employed at various stages in the qualitative research process (Ritchie et al., 2003:23). Table 4-1, below, outlines the inherent differences between deductive and inductive research approaches.

Table 4-1: Major differences between deductive and inductive approaches to research (Saunders et al., 2009:127)

Deduction emphasises	Induction emphasises
<ul style="list-style-type: none"> • Scientific doctrines • Departs from theory to data • Explains causality between variables • Quantitative data collection • Assures data validity by applying controls • Approach is highly structured • Independence of researcher from phenomenon under research • Sufficient sample size to ensure generalisability of research findings and conclusions 	<ul style="list-style-type: none"> • Interested in understanding the meanings attached by humans to social settings • Focus on research context • Qualitative data collection • Flexible structure permits changes in research emphasis as the research unfolds • The researcher is an active participant in the research process • Less emphasis on the need to generalise the research findings and conclusions

An inductive approach was used in this research, with qualitative data collection. This was achieved through the development and administration of interviews based on the research questions and sub-questions, followed by a process of data interpretation.

4.6. Research strategies

Marshall et al. (2013) note that various research strategies such as experiment, survey, and case study can be used to answer the research questions. In this study, a research guide was developed to support a survey and case study strategy for gathering in-depth qualitative data.

4.6.1. Selection of participants

This study sought to examine the influence of government export incentives on selected South African, Gauteng-based gold jewellery manufacturers' decision to export their products. To

move this research forward, the researcher needed to capture the voices of these jewellery manufacturers, and in order to do, he elected to conduct interviews with a sample of them.

According to Kahn and Cannell (1957) in Saunders et al. (2009:310), interviews are considered to be discussions between two or more people done for the purpose of gathering data. Interviewing is considered to be a leading method of collecting data in qualitative research (De Vos et al., 2011:342; Leedy & Ormrod, 2005:94).

The Jewellery Council of South Africa (JCSA), a voluntary organisation that has a membership comprising jewellery retailers, wholesalers, and manufacturers of finished jewellery products, lists a total of 510 accredited jewellers across South Africa (JCSA, n.d.). Accreditation in this context refers to Jewellery Council members in good standing who have signed the council's code of conduct and abide by it. According to the Jewellery Council, the provinces of Gauteng and the Western Cape have 284 and 122 members that make up 56% and 24% of these accredited jewellers respectively (JCSA, n.d.). This is supported by Rajah (2015:4), who describes Gauteng as the major South African province for gold jewellery manufacture.

According to Ritchie et al. (2003:76), it is desirable for a research study to have a sampling strategy, regardless of whether the research methodology is qualitative or quantitative. Most social science research involves sampling as opposed to conducting a census (that is, obtaining data from the entire population), because of time restrictions, scarcity of financial resources, and limited ease of access to participants (Saunders et al., 2009). A distinction is made between probability and non-probability sampling (Ritchie et al., 2003:76; Saunders et al., 2009:207), with the former being the more rigorous for statistical research and yet not particularly suitable for qualitative research.

Ritchie et al. (2003:78) advocate the use of non-probability sampling methods for qualitative research. These include criterion-based, theoretical, opportunistic, and convenience sampling methods. The choice of Gauteng-based manufacturers using non-probability sampling emanates from the ties that the researcher has established with the industry in this area and was based in part on the likelihood of their agreeing to participate as a way to contribute to the development of the industry. Furthermore, the participants needed to meet specific criteria such as being located in the Gauteng Province, be gold jewellery manufacturers and gold jewellery exporters, and have been operational for a period in excess of one year. The sampling strategy thus had elements of both criterion-based and convenience methods, in that participants had to possess certain attributes in addition to proximity to the researcher. Considering that jewellery manufacturing firms are ordinarily not willing to share information

for security reasons, Nalcaci and Yagci (2014) recommend the use of the convenience sampling method, as used in this research.

According to Boddy (2016), qualitative research often results in the development of depth of understanding rather than breadth, making the use of even a single case study or single research participant adequate in generating the required insight. The choice of ten participants, that is, one interviewee for each of ten jewellery manufacturers, could be considered to be relatively small; however, due to the limited timeframe allocated for this research and the fact that it is an exploratory study, ten participants were deemed adequate (Albaum, 1983) for data saturation, which according to Fusch and Ness (2015) occurs when sufficient data has been collected to allow the study to be replicated.

The following criteria were used to select the participating jewellery manufacturers:

- The jewellery manufacturer must be a registered South African company and domiciled.
- The jewellery manufacturer must be located in Gauteng province of South Africa.
- The jewellery manufacturer must hold a permit issued by the South African Diamond and Precious Metals Regulator (SADPMR).
- The jewellery manufacturer must be on the Jewellery Council of South Africa International Exhibition database.
- The jewellery manufacturer must be involved in international activities.

Ten Gauteng-based gold jewellery manufacturers' representatives participated in semi-structured interviews. Each jewellery manufacturer's representative had to be the owner or alternatively, nominated by the owner, a duly authorised senior manager within the participating organisation.

4.7. Research purpose

According to Saunders et al. (2009:139), a research purpose can be characterised as exploratory, descriptive, or explanatory. Saunders et al. (2009:139) note that it is highly likely that a particular study may have more than one purpose.

4.7.1. Exploratory

According to Bless and Higson-Smith (2000:41), the purpose of exploratory research is to gain a broad understanding of a situation, phenomenon, community, or person. Robson (2002:59) in Saunders et al. (2009:133) states that the value of exploratory research lies in “finding out what is happening, seek new insights, to ask questions, and assess phenomena in a new light”. Saunders et al. (2009:133) list the following three major techniques that are conducive to conducting exploratory research:

- Literature search
- Conducting interviews with experts
- Conducting interviews with a focus group.

This qualitative research adopted an exploratory approach in that it sought to obtain and understand the fundamental views and opinions of respondents, including whether they were motivated by government incentives to pursue exports. Generally, exploratory studies tend to be qualitative in nature and allow us to investigate an issue and use evidence to explain a phenomenon. An exploratory approach was thus suitable for this study.

4.7.2. Descriptive

The purpose of descriptive research, according to Robson (2002:59) in Saunders et al. (2009:134), is “to portray an accurate account of persons, events, or situations”. According to Saunders et al. (2009:134), descriptive research could form the basis for conducting either exploratory or explanatory research, since it is necessary for descriptive research to have clarity regarding the phenomena being researched before embarking on data collection. According to Cooper and Schindler (2014:23), a descriptive study seeks to answer the questions of who, what, when, where, and, sometimes, how, about phenomena. Descriptive research tends to be an approach for identifying the nature of phenomena without focusing on why a certain phenomenon exists.

4.7.3. Explanatory

According to Saunders et al. (2009:591), explanatory research studies seek to establish causality between variables, and in this way explain the reasons for the nature or the existence of a phenomenon as observed through descriptive study (Cooper & Schindler, 2014:23). This research did not pursue an explanatory approach since it did not seek to find any form of causality; nor does it purport to provide an explanation for the reasons why manufacturers decide to export.

4.8. Time horizons

According to Saunders et al. (2009:155), time horizons in research deal with whether the research takes place as a once-off event, a cross-sectional study, or over an extended period, as a longitudinal study. This research's time horizon allows for capturing the opinions of the respondents at a single point in time, therefore means it is a once-off or cross-sectional study.

4.8.1. Cross-sectional studies

Cross-sectional studies, according to Cooper and Schindler (2014:128), are carried out once and offer a representation of a single point in time. According to Saunders et al. (2009:155), most academic research projects are cross-sectional in nature due to the limitations of time associated with academic activities.

4.8.2. Longitudinal studies

According to Cooper and Schindler (2014:128), longitudinal studies are studies that are repeated over an extended period and are capable of capturing and tracking changes over time. Saunders et al. (2009:155) consider that the main strength of longitudinal studies lies in their capacity to study change and development within an environment.

4.9. Research methods

Leedy and Ormrod (2005:94) consider qualitative research methodology to be well suited to describing and understanding phenomena from the participants' point of view. Qualitative research, according to Bless and Higson-Smith (2000:156), is research conducted using various methods such as structured and semi-structured interviews for the purpose of recording and investigating aspects of a social setting. This research sought to solicit the views and feelings of participants in a qualitative manner.

Qualitative interviews are an appropriate tool when the research seeks to understand the reasons advanced by participants for taking a certain decision (Saunders et al., 2009:315). Interviews are considered an appropriate data collection method for accessing peoples' experiences and views about the research subject matter (Wilson, 2014:137). In addition, Wilson (2014:138) finds semi-structured interviews usefully and flexible, allowing the researcher to vary questions and possibly add clarity by adding questions as the interview unfolds.

Other considerations supporting the use of semi-structured interviews include the expectation that research subjects will share their views more freely than if the interviews were wholly structured in nature (Flick, 2009:150). Structured interviews are interviews that follow a set of

predefined questions administered to the participants in the order in which they are prepared without deviation. Their value, according to Wildemuth and Yan (2014), is that they minimise the interviewer’s effect on the research results.

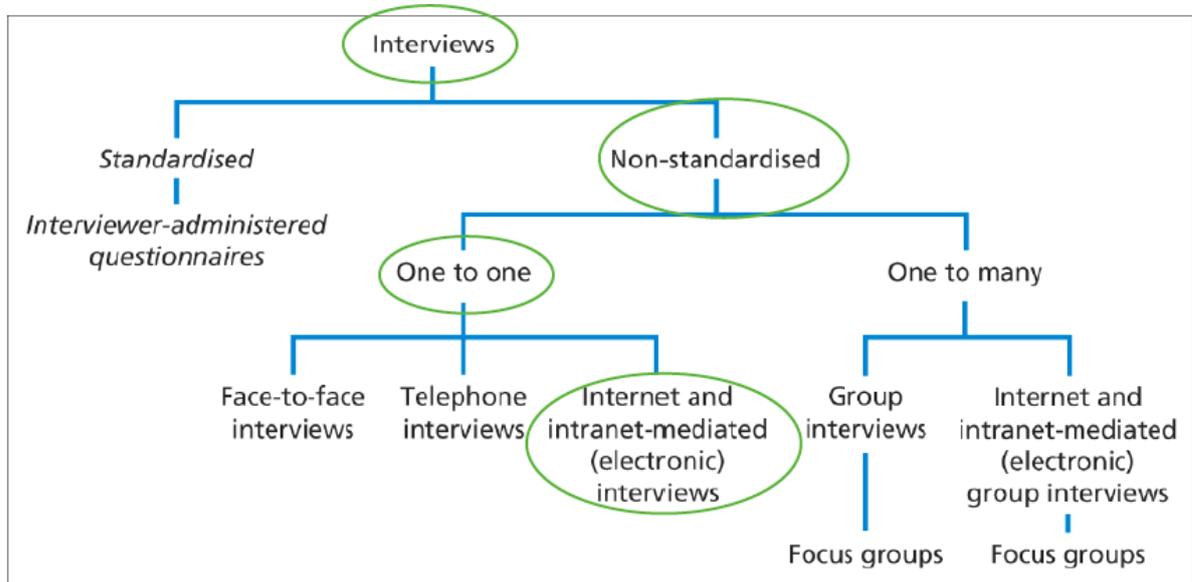


Figure 4-3: Forms of interviews (Saunders et al., 2009:313)

Figure 4-3, above, distinguishes the various forms of interviews and the scenarios under which each of them applies. The researcher followed the classification in Figure 4-3, conducting non-standardised, one-on-one, face-to-face interviews. The researcher believed that this allowed for the collection of ample data. According to Leedy and Ormrod (2005:146), interviews have the potential to collect a significant amount of information from participants. Saunders et al. (2009:315) are particularly positive about the use of interviews in instances where the research seeks to understand the participants’ attitudes and views. An obvious potential pitfall of semi-structured interviews is the possibility of the researcher’s straying away from the focus of the research (Saunders et al., 2009:317).

4.9.1. In-depth interviews

According to Rowley (2012), interviews refer to a verbal encounter between people. An interviewer attempts to obtain information in order to gain understanding from or about an interviewee, who may participate in the interview as an individual or as the representative of an organisation (in this study, a representative of a jewellery manufacturing firm). Interviews can be conducted with one interviewee, a group, or a focus group. Rowley (2012) acknowledges that there may be difficulty in conducting face-to-face interviews due to the unavailability of an interviewee, in which case telephone, Skype, or even e-mail interviews are a consideration. According to Rowley (2012), an e-mail interview is similar to using a

questionnaire to gather information, except that the questions are open ended in nature. The interviewee completes an interview schedule or protocol and sends it back to the researcher.

Finally, although interviews have many advantages, they have disadvantages too. These disadvantages include the fact that they can be costly (depending on required travel, time from work, etc.), they are time consuming to set up, it is time consuming to transcribe interview data, and it can be time consuming to analyse the data (Gibson, 2010).

4.9.1.1. In-depth interview guide

According to Rowley (2012) an interviewee's willingness to participate in the research is likely to be dependent on the quality of the initial approach in the form of a letter or email. Rowley (2012) suggests that the letter of introduction should cover at least the following points:

- The name of the researcher, the University, the course, and the reason for undertaking the research.
- Provide the necessary assurance of confidentiality.
- A brief explanation of the research.
- If appropriate, forward the interview schedule or research protocol in advance of the interview.
- Provide an indicative duration of the interview.
- Obtain the interviewee's permission to record the interview.
- Undertake to provide a summary of the research as a benefit to the interviewee or their organisation.

For this research, in line with Rowley's (2012) advice, a research protocol was developed in preparation for the interview.

4.9.1.2. Conducting the in-depth interview

According to Ritchie et al. (2003:145), the researcher plays an important role in directing the interview process and as such should have clarity on managing the process effectively to achieve the intended outcomes. As a consequence, Ritchie et al. (2003) recommend the use of stages to manage the research process from start to finish, as appear in Table 4-2, below.

Table 4-2: Stages of in-depth interview process. Source: compiled by author from Ritchie et al. (2003:145)

In-depth interview stages	Stage details
Stage 1: Arrival	This stage represents the point at which the interview begins. The researcher begins working to establish a positive relationship with the participant for a successful in-depth interview. There may be anxiety on the part of the participant that may lead to a demonstration of hostility towards the researcher. The researcher has to reassure the participant that they retain full control of the situation. It is advisable that the researcher should, as far as practicably possible, avoid any mention of the research topic until the commencement of Stage 2, the in-depth interview process.
Stage 2: Introductions	This stage signals the start of the in-depth interview in which the researcher directs the interaction by introducing the topic. Furthermore, the following actions as called for by the interview protocol (Annexure A) should be dealt with by the researcher: <ul style="list-style-type: none"> • Reiterate the purpose of the research. • Reaffirm confidentiality. • Seek and obtain permission to record the interview. • Ensure that the environment is quiet, private, and comfortable to avoid any form of distraction before proceeding with the interview.
Stage 3: Interview begins	The researcher begins administering the interview questions in the order they are written and allowing the respondent to respond while taking notes in addition to recording the interview proceedings.
Stage 4: Interview is underway	The researcher continues to guide the participant through the key themes as anticipated and the emergent ones by asking follow-up questions where necessary.
Stage 5: Interview ends	With the end of the interview approaching and before the last question is asked, the researcher should signal to the participant that the interview is about to end to allow the participant to gradually return to a normal mode of interaction. This is likely to prompt the participant to voluntarily offer further information in relation to the previously administered interview questions.
Stage 6: Post interview	This stage kicks off after the participant has answered the last question. The researcher should: <ul style="list-style-type: none"> • Thank the participant for their contribution to the research. • Inform the participant how their contribution will contribute to the research. • Reassure the participant of confidentiality. • Answer any questions the participant may have.

Meho (2006) offers suggestions on how to conduct e-mail interviews in qualitative studies effectively in order to produce trustworthy results. Table 4-5, below, shows the suggestions for conducting in-depth interviews as put forward by Meho (2006).

Table 4-3: Stages of e-mail in-depth interviews. Source, Meho (2006)

e-mail in-depth interview stages	Stage details
Invitations	Use predetermined selection criteria to identify and invite participants preferably as individuals rather than as part of group. This approach has a reassuring effect on the participants as playing a significant role in the research.
Subject line	In order to avoid the likelihood of untimely deletion of e-mails from potential participants, the e-mail subject line has to be effective in communicating what the e-mail entails.
Self-disclosure	Introduce the researcher and provide brief information about the researcher's professional credentials.
Interview request	State the interview request clearly and professionally.
Be open about the research	There is always some degree of suspicion when potential participants receive research requests online. In order to establish trust, the researcher should be as up front as possible about the purpose of the research.

According to Gibson (2010), participants in face-to-face interviews are likely to provide clarification of their responses as they speak. E-mail interviewees, by virtue of having ample time to reflect on their experiences and editing, ought to be able to provide rich data and a complex account of their experiences in an even clearer manner. Although traditional face to face interviews have many advantages, they have inherent disadvantages among them the necessity to travel, time consuming, data transcription as well as being time consuming. The use of e-mail interviews avoids several of these disadvantages (Gibson 2010).

Figure 4-4, below, sums up the methodological choices made for this research study, as plotted on a research Methods Map devised by O’Gorman and Macintosh (2015:51).

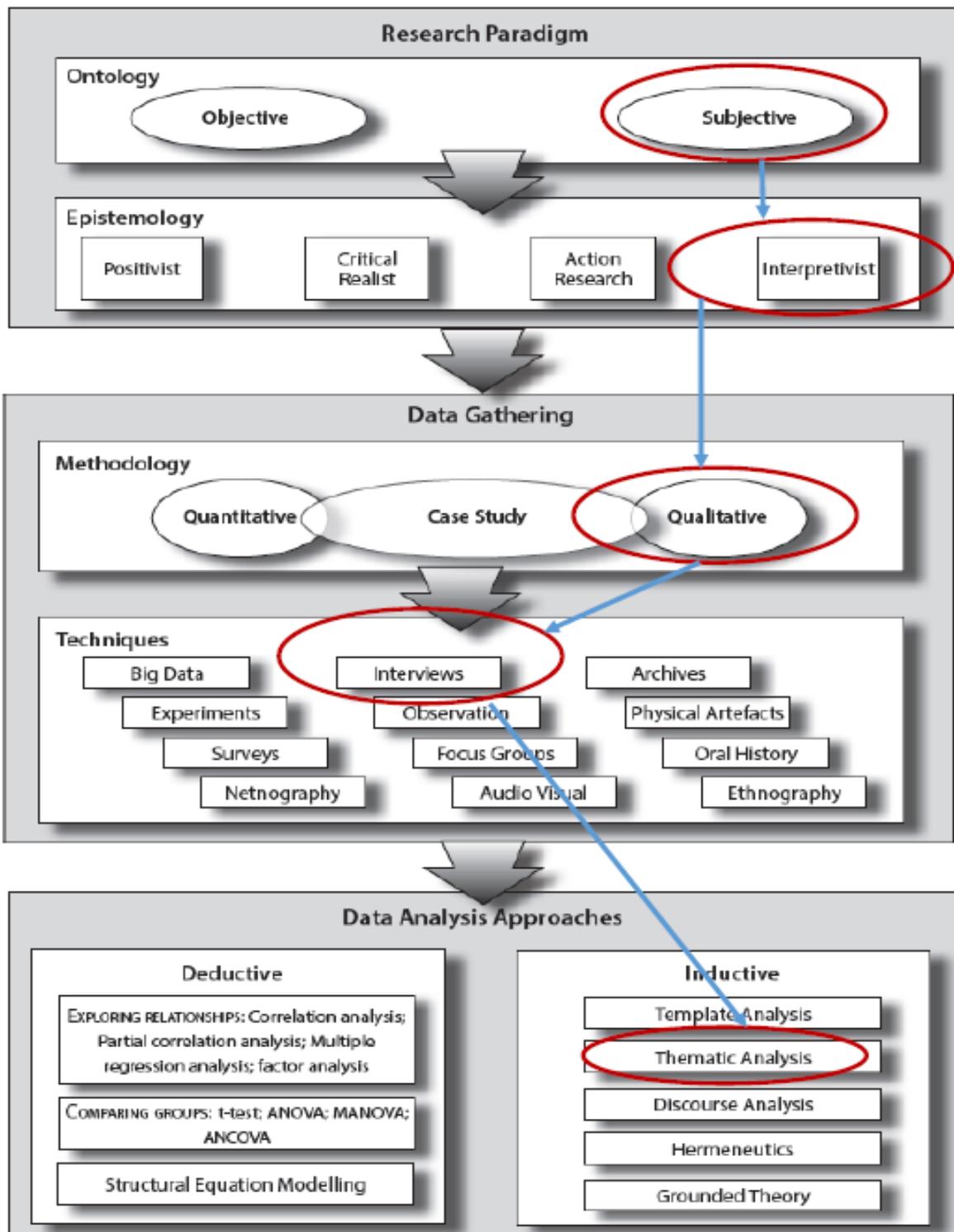


Figure 4-4: Methods map (O’Gorman & Macintosh, 2015:51)

4.10. Data collection

The data collection involved using semi-structured personal interviews to collect qualitative data from the participants. In preparing for the interview, an interview protocol was developed for use as a guide (Jacob & Furgerson, 2012; Leedy & Ormrod, 2005:147-149). An interview protocol is a procedure followed in conducting an interview to ensure that the interviewer collects the requisite information to validate the process (Jacob & Furgerson, 2012). According to Leedy and Ormrod (2005:147), a properly developed research protocol followed to the letter when conducting an interview, will not only simplify the process but will also result in an informative interview.

4.11. Data analysis method

Creswell (1998) in Leedy and Ormrod (2005:150) proposes a data analysis spiral (as shown in Figure 4-5) to describe the process of analysing qualitative data. The raw interview data recordings did not require transcription before analysis as advocated in the data analysis spiral (Leedy & Ormrod, 2005:151). This was the case because the respondents typed their answers in an online survey. The qualitative data was analysed to obtain explanations of the current situation and context as experienced by the jewellery manufacturers themselves (Saunders et al., 2009:119). This in-depth analysis led to the identification of emerging theoretical themes from the data (Saunders et al., 2009:119-120). Furthermore, considering the fact that the allocated time for conducting this research was quite limited, collecting data from a limited number of respondents and subjecting it to inductive analysis assisted in expediting the research process (Saunders et al., 2009:121).

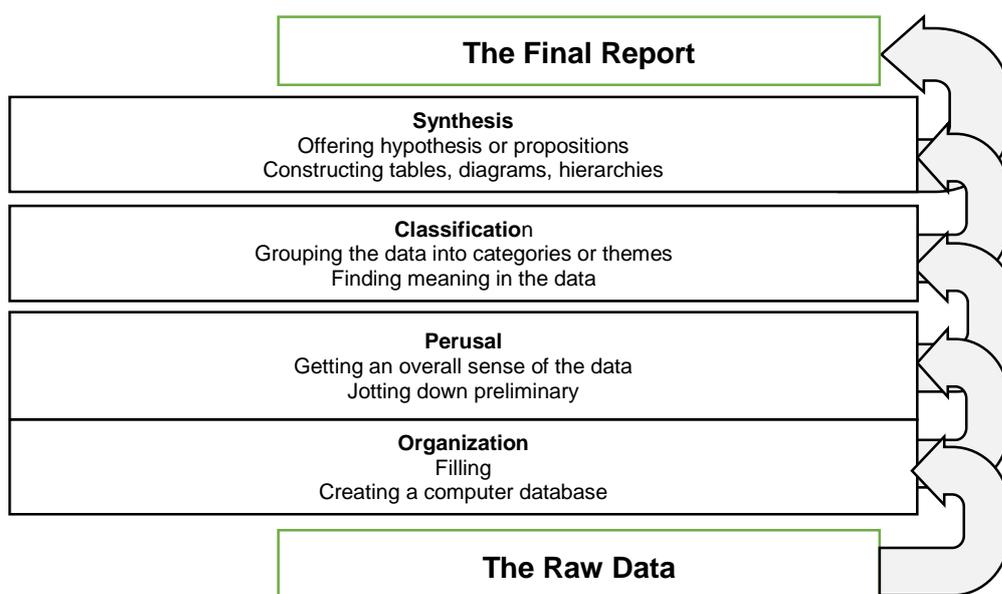


Figure 4-5: Data analysis spiral (Creswell, 1998) in Leedy & Ormrod (2005:151)

The process of data analysis followed a path of perusal, organisation, and classification according to emerging themes, and then synthesis with the use of Atlas.ti qualitative data analysis (QDA) software (Flick, 2009:371; Hwang, 2007). Apart from Atlas.ti software being readily available and issued by the university, the qualitative data analysis software (CAQDAS) is capable of presenting data graphically, thereby making it easier to analyse (Saunders et al., 2009:495). Among the other strengths of Atlas.ti, Barry (1998) observes that this software is visually attractive, with the capability to show all the features at once, the ability to code endless amounts of data, and the development of conceptual networks that can be manipulated. On the other hand, among the key weaknesses of Atlas.ti is its limited searching capacity, which was mitigated by keeping searches to an absolute minimum in order not to compromise the functionality of the software (Barry, 1998).

Smit (2002) is adamant that researchers should be cognisant of the fact that using computer-aided text analysis software such as Atlas.ti does not replace the researcher's role in comprehending and attaching meaning to words and constructs. It does, however, make easier the tasks of ordering, structuring, retrieval, and visualisation.

In this study, the respondents' responses to the research questions were uploaded into Atlas.ti software in preparation for coding and qualitative analysis of the research data. The data was analysed using an interpretive approach and thematic analysis.

Themes emerge through patterns of repetition and the grouping of similar items, such as recurring words, phrases and ideas. Themes are incrementally developed. They are then interpreted in the light of the research aims and questions.

4.12. Research reliability

According to Welman et al. (2005:145), research reliability is a measure of the research findings that relates to how credible the findings are and whether such findings can withstand scrutiny. Bless and Higson-Smith (2000:126) define reliability as the degree to which a measuring instrument (such as a questionnaire) is capable of reproducing similar results for different trials. According to Noble and Smith (2015), researchers have to assess the reliability of their research findings by making necessary judgements about the quality of the research, having applied appropriate research methods to ensure the integrity of the research conclusions. This applied to the current study in relation to analysis of the data, where one measure of reliability might be consistency among the themes that emerged from the data across the ten participants. This is discussed further in chapter 5.

4.13. Research validity

According to Leung (2015), validity in qualitative research refers to how appropriate the selected tools, processes and data collected are in attaining the desired outcomes. Leung (2015) reckons that this validation process begins with determining the alignment of the research question with the envisaged outcomes; the appropriateness of the methodology in answering the research question; the validity of the research design; the sampling; the data analysis method; as well as the validity of the results and conclusions. All these potential symmetries and research elements were carefully examined, and interrelationships among them tested against the overall aim of the research.

4.14. Ethical considerations

Ethical considerations in research assist in ensuring that no harm comes to participants: any potential harm to participants must be identified and negated prior to the commencement and during the research process (Page & Meyer, 1999:520; Welman et al., 2005:181). According to Van Deventer (2009), the research process itself should be ethical. Leedy and Ormrod (2005:101) insist that participants be informed of the objectives of the research without any form of deceit. Participants must participate willingly and retain the right to withdraw from the research at any stage (Saunders et al., 2009:183; De Vos et al., 2011:115). Leedy & Ormrod (2005:101-102) list voluntary participation, informed consent, privacy, anonymity, and confidentiality as among the major ethical issues to be cognisant of when conducting research. In this study, the researcher explained the nature and purpose of the study to potential participants and obtained their informed consent to take part. The anonymity of participants was respected and maintained throughout, and the findings were reported without bias.

The researcher provided each participant with an informed consent document via SurveyMonkey. The document explained in detail the nature of the study, the voluntary nature of participation in and withdrawal from the study, the intended use of participants' responses, and participant anonymity. Once the participants agreed to participate and signed the informed consent form, the data collection process began. To ensure participant anonymity, throughout this study, the participants will be referred to as respondent 1, respondent 2, etc., through to respondent 10.

4.14.1. Honesty and plagiarism

The researcher upheld high levels of honesty by recording interview data truthfully without misrepresentation nor fabricating findings in order to advance a predetermined conclusion, as per Leedy & Ormrod's (2005:102) warning. Mouton (2001:241) embraces the rejection of plagiarism in any form as an ethical principle. Plagiarism, according to Welman et al. (2005:182), is the use of another's data or ideas without appropriately acknowledging the originator.

4.14.2. Anonymity

According to Bless and Higson-Smith (2000:100), anonymity is when an individual willingly shares information of a private nature on the condition that their name is not mentioned, whereas confidentiality refers to the assurance given by the researcher that the data collected will be used solely for the purpose for which it was collected, and that such data may not be shared with third parties (Bless & Higson-Smith, 2000:101). To ensure anonymity, respondents were assigned numbers and any information that could be deemed "an identifier" of the respondents was excluded from the study.

4.14.3. Confidentiality

The jewellery-manufacturing sector is characterised by high levels of security risk due to the great costs of raw materials such as gold, platinum, and diamonds that are used in the production processes. As such, manufacturers tend to be sensitive about divulging information about factory location, production capacity and revenues, as well as their customer base. An introductory letter on the university's letterhead addressed to each of the selected companies was prepared and sent, to obtain the requisite consent to interview them (see Appendix A).

The letter afforded the potential participants an opportunity to choose which information about their operations the researcher could publish through a non-disclosure agreement, which according to Klee (2000) remains the preferred method to protect both individuals and companies' intellectual property rights. In order to maintain a high degree of ethical conduct in the research, all other ethical considerations were included in the interview protocol. This entailed advising the potential respondents of their right to participate voluntarily and to withdraw their participation should they so wish. Furthermore, the study proposal was scrutinised by the university's ethics committee in respect of potential ethical issues that could arise in conducting this study. The requisite approval was obtained before the study

commenced. Similarly, data collection only began once the participants had signed and returned the informed consent forms.

4.15. Chapter summary

This chapter provided a detailed description and explanation of the research methodology used to conduct the study. The researcher used the research onion, as adapted from Saunders et al. (2007:102), as a frame to help identify the most suitable methods for the study. Consequently, a case study was employed utilising ten participants. The ten participants comprise one interviewee for each of the ten jewellery manufacturers that were identified as a viable sample. The researcher used semi-structured interviews to collect data, and the data was analysed using Atlas.ti software. The researcher used Atlas.ti to code the data and analyse the themes that emerged. These themes will be discussed in detail in Chapter 5, which presents the data analysis and findings of the research.

CHAPTER 5

DATA ANALYSIS AND FINDINGS

5.1. Introduction

The previous chapter reviewed the research design and methodology of the study. In line with the interpretive, qualitative approach assumed, in-depth semi-structured interviews took place via email with 10 selected, Gauteng-based gold jewellery manufacturers. This chapter will discuss the analysis and findings of the data obtained thus from the respondents. The research questions sought to solicit the respondents' views on whether their export intentions are partly, fully, or not at all motivated by the availability of government export promotion incentives. The research questions also delved into the respondents' perceptions of the barriers to exporting – both in South Africa and in the target export markets – that they were likely to encounter as gold jewellery manufacturers. The research questions went on to explore levels of awareness of the various export incentives available, as well as the accessibility of such incentives. Table 5.1, below, provides some basic information about the respondents whereas Figure 5.1 also below, maps out the structure of this chapter.

Table 5-1: Basic information about the respondents

Respondent Number	Products Manufactured	Position of Representative	Company Location
Respondent 1	Gold chains, Wedding rings, pendants and findings	Marketing Manager	Gauteng, Johannesburg
Respondent 2	Gold, platinum and silver jewellery	Managing Director	Gauteng, Pretoria
Respondent 3	Diamonds, gold jewellery and platinum jewellery	Chief Executive Officer	Gauteng, Johannesburg
Respondent 4	Diamonds and jewellery	Owner [Director]	Gauteng, Johannesburg
Respondent 5	Gold, platinum and silver jewellery	Owner [Director]	Gauteng, Pretoria
Respondent 6	Diamond jewellery, silver jewellery and platinum jewellery	Owner [Director]	Gauteng, Pretoria
Respondent 7	Gold and silver jewellery	Owner [Director]	Gauteng, Pretoria
Respondent 8	Gold jewellery	Owner [Director]	Gauteng
Respondent 9	Gold and platinum jewellery	Director	Gauteng
Respondent 10	Gold jewellery	Operations Manager	Gauteng, Germiston

CHAPTER 5

DATA ANALYSIS AND FINDINGS

5.1	Introduction
5.2	Data collection, codes development and analysis using Atlas.ti
5.3	Barriers within foreign markets
5.3.1	Barriers within foreign markets: financial costs
5.3.2	Barriers within foreign markets: Customer Demands
5.3.3	Barriers within foreign markets: Institutional challenges
5.4	Barriers within South Africa
5.4.1	Barriers within South Africa: Financial costs
5.4.2	Barriers within South Africa: Institutional Challenges
5.5	Export Assistance
5.5.1	Export Assistance: Government
5.5.2	Export Assistance: Non-governmental entities
5.6	Incentives
5.6.1	Incentives: Information and awareness
5.6.2	Incentives: Accessibility of incentives
5.6.3	Incentives: Export Training
5.7	Motivational Factors to export
5.7.1	The influence of export incentives on manufacturers
5.8	Chapter summary

Figure 5-1: Chapter 5 layout

5.2. Data collection, codes development and analysis using Atlas.ti

As indicated above, qualitative research involves the collection of non-numerical data which allows for more diversity in the responses provided by the participants (Flick, 2018). Since the current study was qualitatively based, data was collected and analysed through the use of Atlas.ti qualitative analysis software (Hwang, 2008). Atlas.ti is a powerful qualitative data analysis workbench, used especially for large datasets which may be in audio, text or visual formats (Friese, 2019). In this study, the software program was used to analyse data collected from the selected Gauteng-based gold jewellery manufacturers. The researcher conducted interviews with the participants that were recorded and transcribed. Analysis of the extensive resultant data was supported by recourse to the software.

The interview transcripts – referred to as primary documents in Atlas.ti. – were first loaded into the program for data analysis. Within the primary documents the researcher highlighted important text segments, referred to as quotations, to yield a series of “labels” (Friese, 2019). The labels are also known as codes in qualitative research. These codes were then grouped into code clusters, referred to as “code families” in the software. The researcher was thus able to establish many links, as well as a number of networks, among elements of the data. This enabled the identification of patterns in the responses, which were used to gain a deeper understanding of the participants’ perceptions as revealed in their responses to the interview questions. Atlas.ti was therefore important in helping to organise the collected data, analyse it and make connections within it.

A total of 10 online interview transcripts labelled Documents (D) 1 to 10 were loaded individually into Atlas.ti for analysis. A number of quotations were highlighted in accordance with the themes identified and later converted into codes. Figure 5.2, below, depicts the codes developed according to emerging themes from within the various paragraphs constituting each of the respondents’ responses. The codes were developed to reflect the emergent themes of particular significance to this study.

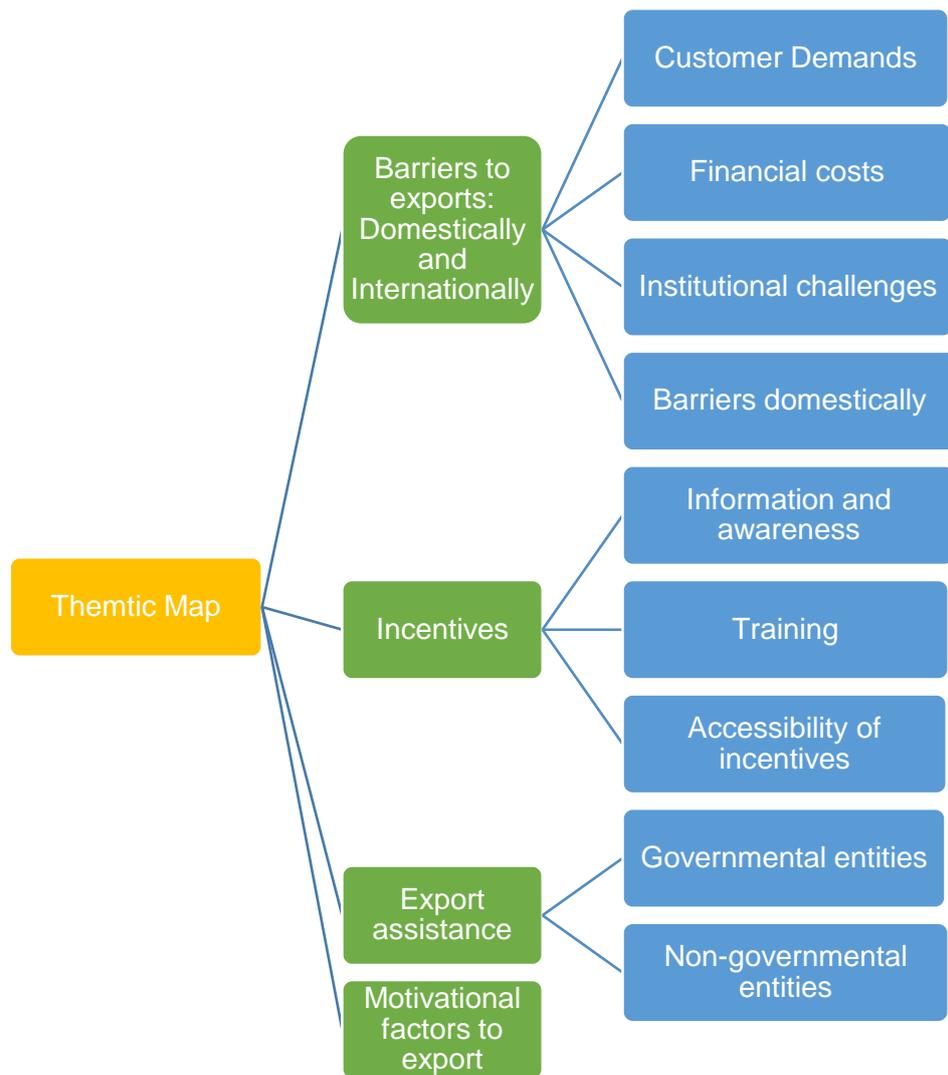


Figure 5-2: Codes and code groups

5.3. Barriers within foreign markets

This code group was about the barriers faced by jewellery exporters in foreign markets. According to some of the respondents, foreign markets make costly demands that negatively affect South African jewellery manufacturers' ability to export. These can lead to South African jewellery manufacturers not accepting export orders due to the erosion of profit margins. Respondents alluded to measures such as high levies, taxes and duties that result in potential buyers in export markets preferring not to buy jewellery products imported from other countries such as South Africa. Jewellery manufacturers have also experienced customs delays in foreign markets, a factor that inconveniently extends the delivery time. This, coupled with delays experienced from the South African customs side, compounds the challenges associated with timely delivery. Furthermore, jewellery manufacturers have experienced delays in receiving payments from foreign clients, resulting in a diminished

cash flow situation, which further curtails their ability to meet the export demand. Respondents allege that foreign clients prefer locally manufactured jewellery, which makes it difficult for South African jewellery manufacturers to carve themselves a reasonable market share in such export markets. The respondents indicated that risks of falling prey to fraudulent internet transactions abound. The situation requires heightened vigilance on the part of the manufacturers when they engage with potential export clients, to ensure they do not fall prey to fraud, especially when dealing with unsolicited orders. There are also difficulties associated with jewellery manufacturers not having an office in foreign markets. Clients in export markets seem to prefer exporters with a presence within a particular export market, even if this presence is secured through a local agent.

5.3.1. Barriers within foreign markets: financial costs

The main theme extracted from the respondents was *“high import duties are levied in almost all developing countries.”*

D 1: Respondent 1 - 1:12 Most developing countries levy high duties and taxes that sometimes di... (5366:5492)

Most developing countries levy high duties and taxes that sometimes discourage potential buyers from buying from South African companies.

D 2: Respondent 2 - 2:7 Import taxes are high sometimes in other countries except in the US where... (5133:5409)

Import taxes are high sometimes in other countries except in the US where South African products are imported duty free and, in the EU, where it is less than 10%. We are just not sure what the impact of Brexit will be, especially on our South African sales to the UK in the future.

D 4: Respondent 4 - 4:3 I tried to sell jewellery to China and I discovered that import tax on... (4446:4627)

I tried to sell jewellery to China and I discovered that import tax on jewellery is 35% and I immediately stopped because it was going to make my jewellery too expensive over there.

D 5: Respondent 5 - 5:3 I find the lack of hallmarking in South Africa to be another big problem... (4331:4927)

I find the lack of hallmarking in South Africa to be another big problem. This does not only affect export but also imports. Importers are allowed to bring un-

hallmarked sub-standard pieces into South Africa, but we cannot do the same when we export. South Africa does not have export orientated jewellery-manufacturing hubs or special economic zones. In other countries, there are jewellery export processing zones and manufacturers are able to import raw materials duty free, they do not pay VAT and they get a range of other subsidised benefits on things like rent, electricity, and other things.

D 6: Respondent 6 - 6:3 There is also the issue of import taxes abroad. Some buyers always want... (3549:3712)

There is also the issue of import taxes abroad. Some buyers always want to compare our handmade products with cheap machine produced products from other countries.

D 8: Respondent 8 - 8:3 It would be very helpful if we the lay people could get assistance in... (2827:3074)

It would be very helpful if we the laypeople could get assistance in understanding the various customs charges and working out competitive export quotations. It is quite daunting, otherwise, and one can land up in a financial quandary if ignorant.

D 9: Respondent 9 - 9:2 Taxes in places like China are too high and sometimes we pay a national... (4622:5383)

Taxes in places like China are too high and sometimes we pay a national tax and local tax. It seems to me that the government of China is trying to discourage imports into the country. The UK calls for compulsory hallmarking of all imported jewellery and this is quite expensive. There is no way of bypassing this requirement because customers insist that it is done, otherwise they refuse to pay. In the United States, we do not pay any taxes whatsoever because of AGOA but we sometimes experience lengthy delays at customs. I am told it is because some countries that do not qualify for AGOA try to enter under AGOA. I have heard in the industry that sometimes it is difficult to receive payment from countries, but this is not something I myself experienced before.

5.3.2. Barriers within foreign markets: Customer Demands

The main theme emanating for the respondents in relation to customer demands is that *“customers have a preference for locally produced products and are unreasonable with their delivery times.”*

D 1: Respondent 1 - 1:11 In some countries, the clients seem to prefer locally produced jewellery... (6106:6185)

In some countries, the clients seem to prefer locally produced jewellery.

D 1: Respondent 1 - 1:13 Foreign clients have very complex product demands that are difficult a... (5205:5365)

Foreign clients have very complex product demands that are difficult and costly to meet, and some clients do not even want to pay for the development of samples.

D 2: Respondent 2 - 2:8 The cost of exhibiting at the international shows especially at IJL are... (2359:2640)

The cost of exhibiting at the international shows especially at IJL are just too high for a small company like mine to afford. I just cannot imagine how any South African company on its own can attend shows several times a year in different countries without some kind of incentive.

D 2: Respondent 2 - 2:9 My company has also encountered a problem of clients who initially accepted... (5410:5550)

My company has also encountered a problem of clients who initially accepted the quality of the samples and yet rejected the finished products.

D 2: Respondent 2 - 2:10 Clients are unwilling to pay for hallmarking resulting is reduced prof... (5678:5983)

Clients are unwilling to pay for hallmarking resulting in reduced profits when selling to countries that insist on hallmarking, like the UK. The use of nickel for alloying is not permitted in developed countries and some buyers insist on test certificates confirming our jewellery does not contain nickel.

D 4: Respondent 4 - 4:4 Other countries demand hallmarking of product and product that is not... (4984:5096)

Other countries demand the hallmarking of products and products that are not hallmarked are not allowed in the country.

D 5: Respondent 5 - 5:4 Quality demands in export markets are just too high and means more work... (4122:4330)

Quality demands in export markets are just too high and mean more work on a single piece to get it to their acceptable level of quality and yet customers are not willing to pay a premium for high-end pieces.

D 6: Respondent 6 - 6:4 We have met potential clients who were interested in our products but... (3713:3906)

We have met potential clients who were interested in our products but the quantities they were looking for were just too big for our small factory to handle and meet the short delivery time.

D 9: Respondent 9 - 9:3 UK calls for compulsory hallmarking of all imported jewellery and this... (4807:5015)

The UK calls for compulsory hallmarking of all imported jewellery and this is quite expensive. There is no way of bypassing this requirement because customers insist that it is done, otherwise they refuse to pay.

D 9: Respondent 9 - 9:14 Jewellery has to be shipped quickly to clients during certain holidays... (4365:4580)

Jewellery has to be shipped quickly to clients during certain holidays and somehow customs does not seem to appreciate this. If we delay shipping, we lose the trust of the customers and they normally stop buying from us.

5.3.3. Barriers within foreign markets: Institutional challenges

The main theme relates to *“the challenges with customs delays experienced in foreign countries that impact negatively on their relationship with clients in foreign markets.”*

D 1: Respondent 1 - 1:8 Other countries impose some unreasonable delays causing clients to be... (5494:6104)

Other countries impose some unreasonable delays causing clients to be very anxious. Therefore, if you consider delays taking place in South Africa and delays in the foreign market, the cumulative delays are a big problem for jewellers. Another thing is not having a permanent office in the foreign market poses a problem for some clients like those in the UK who always ask at the shows if we have an office in the UK. We know that having an office in that market is a positive thing because some of our competitors with offices or agents in the UK are reporting good results. We have experienced delays in payments.

D 2: Respondent 2 - 2:6 The customs delays remain a challenge for us although we have seen an... (5551:5675)

The customs delays remain a challenge for us although we have seen an improvement lately after engaging SARS about the matter.

D 3: Respondent 3 - 3:4 We have been struggling to find an agent that is willing to stock our... (3605:4143)

We have been struggling to find an agent that is willing to stock our product in our target market. The agents we have been able to find so far charge very high commission, and as such we have not managed to use them yet because of that. Exports are too risky because of the many scammers that purport to be bona fide clients and if proper due diligence is not done you can end up shipping products and then completely lose your products. My company has a policy of not entertaining unsolicited export orders as an attempt to mitigate this risk of theft.

D 4: Respondent 4 - 4:12 heard that in other countries jewellers do not even need a permit to make... (4039:4123)

I heard that in other countries jewellers do not even need a permit to make jewellery.

D 7: Respondent 7 - 7:1 The workforce in South Africa is poorly skilled. My factory's cost structure... (4147:4235)

The workforce in South Africa is poorly skilled. My factory's cost structure is too high.

D 7: Respondent 7 - 7:10 The sponsors refuse to pay accommodation to allow jewellers to stay a... (4483:4750)

The sponsors refuse to pay accommodation to allow jewellers to stay a few more days after the show to engage potential clients. Some clients insist on meetings after the show, but we always depart on either the same day that the show ends or immediately the next day.

D 9: Respondent 9 - 9:13 I still struggle to find good information about which markets are good for... (4233:4363)

I still struggle to find good information about which markets are good for exports. I have experienced delays at customs many times.

D 10: Respondent 10 - 10:5 The factory's manufacturing permit is valid only for 5 years and every... (2733:3315)

The factory's manufacturing permit is valid only for 5 years and every time we re-apply, there are countless forms to fill and unnecessary inspections before renewal. The industry, in general, is not financed by the banks because they consider it too risky and fortunately for us we do not have cash problems as other players do. We used to suffer unnecessary SARS delays in the past, however lately, there has been a significant improvement. We also used to pay a lot for shipping but managed to renegotiate good rates since we now ship a lot of jewellery at a time.

5.4. Barriers within South Africa

This code group refers to the barriers associated with exportation encountered within South Africa, as identified by the participants. According to the jewellery manufacturers, transportation and insurance provided locally are too expensive for jewellery manufacturers. They also asserted that the level of service offered by local shipping companies was not satisfactory, and undermined their ability to meet delivery schedules, both locally and for foreign markets. The respondents also observed that currency exchange rate fluctuations negatively affected their ability to provide stable pricing for export orders. Issues relating to delays with customs posed difficulties in the context of exporting to other countries. Such issues could result in lost export opportunities as well as lost financial resources. The respondents cited the unavailability of competitive financing for the procurement of raw materials as a hindrance to export, to the extent that they were unable to fulfil large export orders. This, according to some of the respondents, stems from the unwillingness of South African commercial banks to offer financing packages that are suited to the jewellery industry. The respondents further alluded to onerous regulatory requirements such as permits that do not guarantee long-term security in that they are only valid for a period of five years, a duration that does not permit long-term investment commitment. Furthermore, the respondents claimed that the administrative burden associated with the renewal of permits impacted negatively on the industry's ability to attract foreign direct investment into the South African jewellery-manufacturing sector. Some participants had encountered challenges in accessing incentives, most notably the lengthy periods it takes for the agencies concerned to process applications to access incentives. However, a few participants seemed satisfied with the current application process.

5.4.1. Barriers within South Africa: Financial costs

The main theme that emerged from this question was *“challenges faced in raising funding to buy raw materials such as gold to meet customer orders.”*

D 1: Respondent 1 - 1:2 Our company struggles to recruit and keep qualified goldsmiths because... (4819:4928)

Our company struggles to recruit and keep qualified goldsmiths because of poaching by the large manufacturers.

D 2: Respondent 2 - 2:1 The fluctuating South African currency makes it difficult for us to quote... (5007:5089)

The fluctuating South African currency makes it difficult for us to quote properly.

D 2: Respondent 2 - 2:15 shipping costs for jewellery are quite high because of jewellery can on... (4412:4767)

Shipping costs for jewellery are quite high because jewellery can only be transported by a specialist high-security company and there only two good ones in South Africa. This could be the reason why they charge so much. Over and above the high transport costs, there are insurance costs, which are necessary to mitigate the risk of losing your valuable products.

D 4: Respondent 4 - 4:5 Gold is very expensive to buy in South Africa, (3653:3699)

Gold is very expensive to buy in South Africa.

D 4: Respondent 4 - 4:6 Government permits just to keep gold are expensive, they expire every... (3883:4037)

Government permits just to keep gold are expensive, they expire every five years, we have to start all over again applying, and this can take a long time.

D 9: Respondent 9 - 9:12 At these hubs I am told they pay close to nothing for rent, electricity... (4130:4231)

At these hubs, I am told they pay close to nothing for rent, electricity, and gasses for manufacturing.

5.4.2. Barriers within South Africa: Institutional Challenges

The main theme that emerged from the respondents was *“delays in government notifications when incentives are granted and the short validity of gold jewellery manufacturing licences.”*

D 1: Respondent 1 - 1:14 The incentives are accessible despite the application process taking too... (4022:4224)

The incentives are accessible despite the application process taking too long. When it comes to participating in shows the applications must be in almost three to four months before the show takes place.

D 2: Respondent 2 - 2:2 My company can apply for DTI funds to go overseas to look for clients... (3034:3408)

My company can apply for DTI funds to go overseas to look for clients to whom to export. The problem with this type of application is that the company must pay upfront and then claim from DTI. This claiming process sometimes takes too long to be finalised and this can result in money shortages for a small company. It seems as if this scheme is for big companies with lots of money in the form of reserves.

D 2: Respondent 2 - 2:14 The issue of delays at SARS in releasing jewellery for shipping is getting... (4768:5006)

The issue of delays at SARS in releasing jewellery for shipping is getting worse every year and this results in delays and makes us miss delivery schedules to overseas clients and this damages our reputation as reliable suppliers overseas.

D 3: Respondent 3 - 3:5 This late notification results in a rushed situation in securing travel... (2902:3150)

This late notification results in a rushed situation in securing travel visas and preparing products for shipping by the courier company. Some of the documents such as tax clearance certificates expire and sometimes this can limit access to incentives.

D 4: Respondent 4 - 4:10 The processing of applications by Trade and Industry Department is normally... (3025:3320)

The processing of applications by the Trade and Industry department is normally done quickly. On one occasion, my application was rejected because it came in

3 months instead of 4 months before the exhibition. As the company, we were not informed about this change but since then we are always on time.

D 4: Respondent 4 - 4:13 South Africa does not offer an acceptable hallmarking service and this... (4126:4403)

South Africa does not offer an acceptable hallmarking service, and this forces us to hallmark in other countries, which is expensive because we end up paying for shipping from South Africa to the hallmark company and from hallmark company to client and that reduces our profit.

D 5: Respondent 5 - 5:5 Jewellery manufacturing licences in South Africa expire every five years... (3515:4076)

Jewellery manufacturing licences in South Africa expire every five years and this is an obstacle towards investment in the sector. International investors are reluctant to invest here to take advantage of things like AGOA and EU trade agreements because of the permitting system. Many countries have done away with permits for jewellers and we have seen significant growth in manufacturing in those countries. Shipping costs remain one the major barriers to exports in my view. There is less competition in the industry with only two players in the market namely RAM and BRINKS.

D 6: Respondent 6 - 6:9 The gold loan scheme at IDC has so far not assisted in lowering the transactional... (3006:3254)

The gold loan scheme at IDC has so far not assisted in lowering the transactional costs of gold purchases in South Africa. Manufacturers will benefit a lot if the banks can offer loans to buy gold and other materials needed to manufacture jewellery.

D 9: Respondent 9 - 9:5 There also too many government permits to handle precious metals like... (3894:4009)

There are also too many government permits to handle precious metals like jeweller's permit and diamond cutting permit.

D 9: Respondent 9 - 9:7 I have experienced delays at customs many times. (4316:4364)

I have experienced delays at customs many times.

5.5. Export Assistance

5.5.1. Export Assistance: Government

The theme of this aspect of the research was *“government and its agencies do provide export assistance in the form of training and information.”*

D 1: Respondent 1 - 1:4 The government also offers information about applicable tariffs in different... (1715:2352)

The government also offers information about applicable tariffs in different countries and this helps when choosing potential markets. There are also individual and group missions available. The company can apply alone or with others to visit a certain export destination. I know that the government can give flight tickets and accommodation to overseas-based clients to come to South Africa to attend exhibitions or have meetings with manufacturers to find products they can import to their countries. That is what I can think of from the top of my head at this stage as for the specific names of the incentives, unfortunately, I do not know them.

D 1: Respondent 1 - 1:5 Government incentives helped us access other markets we did not think... (2690:2945)

Government incentives helped us access other markets we did not think of such as Hong Kong, which we are using as a springboard to supply to Chinese clients. This has worked for us so far because the duty for Hong Kong is lower than that of mainland China.

D 1: Respondent 1 - 1:7 I receive information from time to time about shows taking place in other countries... (3284:3485)

I receive information from time to time about shows taking place in other countries from the jewellery council and sometimes directly from trade and industry or small business departments or from GGDA.

D 2: Respondent 2 - 2:4 I know about the international exhibitions and export and investment missions... (1447:1820)

I know about the international exhibitions and export and investment missions. I also know that government departments assist with local shows and these shows are sometimes attended by export agents and international buyers. If you are

lucky, they can be interested in your products and before you know it they are looking at your samples and that can lead to an export order.

D 2: Respondent 2 - 2:5 I am now aware of export incentives for which my company has applied and... (2759:3031)

I am now aware of export incentives for which my company has applied and received support from DTI, SEDA, and other provincial departments to participate in international shows. DTI offers a free introduction to exports course that I attended to learn more about exporting.

D 2: Respondent 2 - 2:11 The opportunities are available from DTI, jewellery council, provincial... (3513:4288)

The opportunities are available from DTI, jewellery council, and provincial departments. I have just recently also received information from an agent who promotes DTI incentives independently who came to see me about other available incentives to buy machinery and equipment and export incentives and a scheme to buy gold. The agent had quite good knowledge of DTI incentives. The agent charges a success fee, which is a percentage of what the company ends up getting from DTI. The services of the agent are very useful to companies like ours who do not have dedicated staff who can put together an application and collect all the necessary documents. It would help if DTI can advertise their incentives in jewellery magazines so that more people can know about the incentives.

D 4: Respondent 4 - 4:1 The government at provincial and national level provides incentives to... (1490:1816)

The government at provincial and national level provides incentives to companies interested in export. I know of exhibition support and export training. I also know that an exporter can get certain fees such as flight tickets, and hotel fees and transport for samples when attending meetings overseas with potential clients.

D 5: Respondent 5 - 5:1 Jewellers can apply to participate in major international shows such as... (1433:1887)

Jewellers can apply to participate in major international shows such as Las Vegas, Hong Kong, Tokyo, London, Dubai, Paris, and others. I am also aware of free export training given by the Gauteng provincial government. I am not sure if the grant for jewellery equipment given by the Department of Small Business can

count as an export incentive. SEDA does assist with funding to prepare brochures and business cards to distribute at the international shows.

D 5: Respondent 5 - 5:2 I have since learned of various incentives offered by the government ... (2812:3003)

I have since learned of various incentives offered by the government to support exporters. My awareness is quite high now due to me finding out more from other exporters and government people.

D 6: Respondent 6 - 6:2 One can apply directly to the department or through the jewellery council... (2673:2882)

One can apply directly to the department or through the jewellery council, SEDA, or provincial agencies to access the export incentives. It all depends on which entity is advertising (sic) international or local shows.

D 7: Respondent 7 - 7:2 My company has received funding from the government to buy equipment and ... (1459:1590)

My company has received funding from the government to buy equipment and that helped us to improve the quality and increase production.

D 7: Respondent 7 - 7:3 We are currently in the process of applying for funding from IDC to buy... (1641:2068)

We are currently in the process of applying for funding from IDC to buy silver, gold, and diamonds. If we get this funding, we will start exporting because I have already secured a big order in America. All that is left is for me to manufacture and deliver but for me to do so I need funds. An exporter can get free tickets, exhibition stand, accommodation and spending money to attend shows in South Africa and internationally.

D 7: Respondent 7 - 7:7 Very accessible. The jewellery council, SEDA, provinces, state diamond... (3679:4023)

Very accessible. The jewellery council, SEDA, provinces, state diamond trade, and other export promotion agencies like SACCI, GGDA, WESGRO, TIK etc. always send out information about shows locally and international shows. These various entities assist us with the whole application process where we encounter difficulties they give more information.

D 9: Respondent 9 - 9:1 I also know about the free export training offered by the government, which... (1565:1721)

I also know about the free export training offered by the government, which I am yet to attend because I just do not have time to spare as a small business owner.

5.5.2. Export Assistance: Non-governmental entities

The major theme that emerged was *“non-governmental institutions such as export councils and chambers of commerce at a national and provincial level do provide export related information”*.

D 1: Respondent 1 - 1:6 We also obtain information from the jewellery association regarding any... (3781:3918)

We also obtain information from the jewellery association regarding any export information we want and they are normally quick to respond.

D 4: Respondent 4 - 4:2 The jewellery council does a good job to notify us about incentives and... (3322:3526)

The jewellery council does a good job to notify us about incentives and screening our applications before sending them to the department and this helps us a lot because our applications are always complete.

D 6: Respondent 6 - 6:1 The jewellery council does inform us about local and international exhibitions... (2290:2457)

The jewellery council does inform us about local and international exhibitions to promote our jewellery products and this has improved my awareness of what is on offer.

D 7: Respondent 7 - 7:4 I am now on many mailing lists and receive lots of information about exports... (3452:3575)

I am now on many mailing lists and receive lots of information about exports from the jewellery council and trade magazines.

D 8: Respondent 8 - 8:1 Jewellery Council is very good at circulating opportunities, even to n... (2307:2480)

Jewellery Council is very good at circulating opportunities, even to non-members. I certainly encourage my colleagues and students to make use of these amazing opportunities.

D 8: Respondent 8 - 8:2 One cannot do it on one's own – the support of the above-mentioned bod... (2584:2704)

One cannot do it on their own – the support of the above-mentioned bodies/schemes certainly make things more accessible

5.6. Incentives

This code group relates to the different types of incentives known to the respondents. Generally speaking, the respondents demonstrated some knowledge of the various incentives on offer, with the exception of one respondent who had no knowledge of any incentives on offer in South Africa. This code group also collated the codes relating to the availability of information about export incentives offered by the government and other agencies. Jewellery manufacturers indicated that agents were available to assist with the incentives' application processes. They also noted that exhibitions, courses, and information sessions are available to jewellery manufacturers regarding the process of accessing incentives and the availability of such incentives. The respondents acknowledged that governmental assistance was available and constituted the major source of export incentives currently available. There were non-governmental entities that assisted companies or individuals with the application process to access export incentives. Other respondents indicated that courses and information sessions were available for jewellery manufacturers to keep them abreast of developments in the area of exports and export incentives. Furthermore, they mentioned that they received notifications about opportunities to exhibit their jewellery overseas from both governmental and non-governmental entities. The Jewellery Council, an export council for the jewellery industry registered by the DTI, provides assistance and information to South African jewellery manufacturers on topics and issues related to exporting to foreign markets and the incentives they can access. This code group was further used to determine the ease, or lack thereof, with which jewellery manufacturers are able to access the various export incentives offered by the government and private sector participants within South Africa. This relates to the accessibility of export incentives. From this code, the researcher observed that some participants had encountered challenges in accessing incentives, while others had not. The biggest challenge was the lengthy period that it takes the agencies concerned to process applications for incentives, though some participants seem satisfied with the current application process. Most participants were aware of the availability of exhibitions and missions that could be accessed as a precursor to exports and felt that these were managed to the respondents' satisfaction by the various entities that offered them. To this end, it appears that the pursuit of exports is the preferred method of

internationalisation for most of the respondents. The respondents further indicated that they exported either on their own or through agents located in South Africa or in the targeted international market. The government provides assistance and information about export incentives, while the Jewellery Council provides assistance and information on topics and issues relating to exporting to foreign markets and incentives available to South African jewellery manufacturers.

5.6.1. Incentives: Information and awareness

The main theme of this question was *“aspiring jewellery exporters have extensive knowledge of export opportunities and are informed about exhibitions and shows at which they can participate in order to showcase their capability.”*

D 1: Respondent 1 - 1:15 National and international exhibitions, individual and group missions... (1486:2210)

National and international exhibitions, individual and group missions, export training courses, chamber of commerce support, export credit insurance, and embassies offer support relating to country information such as duties, taxes etc. The government also offers information about applicable tariffs in different countries and this helps when choosing potential markets. There are also individual and group missions available and also a company can apply individually or with others to visit a certain export destination. I know that the government can give flight tickets and accommodation to overseas-based clients to come to South Africa to attend exhibitions or have meetings with manufacturers to find products they can import to their countries.

D 3: Respondent 3 - 3:2 only became aware of the incentives after receiving information about... (2395:2542)

I only became aware of the incentives after receiving information about them at the local exhibition and now my awareness level is better than before.

D 3: Respondent 3 - 3:6 we received information about SEDA supported exhibitions abroad.... (1881:2113)

We received information about SEDA supported exhibitions abroad. My company applied and participated in an international exhibition where clients showed interest and since then we have been actively looking for clients overseas.

D 4: Respondent 4 - 4:1 The government at provincial and national level provides incentives to... (1490:1816)

The government at provincial and national level provides incentives to companies interested in export. I know of exhibition support and export training. I also know that an exporter can get certain support such as flight tickets, and hotel fees and transport for samples when attending meetings overseas with potential clients.

D 4: Respondent 4 - 4:11 The jewellery council does a good job to notify us about incentives and... (3322:3528)

The jewellery council does a good job to notify us about incentives and screening our applications before sending them to the department and this helps us a lot because our applications are always complete.

D 5: Respondent 5 - 5:1 Jewellers can apply to participate in major international shows such as... (1433:1887)

Jewellers can apply to participate in major international shows such as Las Vegas, Hong Kong, Tokyo, London, Dubai, Paris, and others. I am also aware of free export training given by the Gauteng provincial government. I am not sure if the grant for jewellery equipment given by the Department of Small Business can count as an export incentive. SEDA does assist with funding to prepare brochures and business cards to distribute at the international shows.

D 5: Respondent 5 - 5:6 I then found out about the incentives, which I have since used to visit... (2501:2695)

I then found out about the incentives, which I have since used to visit several countries to exhibit my work and I currently receive export orders occasionally from the clients I met at these shows.

D 5: Respondent 5 - 5:7 have since learned of various incentives offered by the government to... (2813:3003)

I have since learned of various incentives offered by the government to support exporters. My awareness is quite high now due to me finding out more from other exporters and government people.

D 6: Respondent 6 - 6:5 I know about exhibitions, national pavilions, outside selling missions... (1436:1529)

I know about exhibitions, national pavilions, outside selling missions, inward buying missions.

D 6: Respondent 6 - 6:7 The jewellery council does inform us about local and international exhibitions... (2290:2571)

The jewellery council does inform us about local and international exhibitions to promote our jewellery products and this has improved my awareness of what is on offer. I am aware that my company can apply for government grants to travel overseas by itself to look for customers.

D 6: Respondent 6 - 6:10 We lack the necessary knowledge of the various international markets ... (3436:3548)

We lack the necessary knowledge of the various international markets about what styles and designs sell abroad.

D 7: Respondent 7 - 7:5 An exporter can get free tickets, exhibition stand, accommodation and... (1931:2195)

An exporter can get free tickets, exhibition stand, accommodation and spending money to attend shows in South Africa and internationally. One can also get free shipping on samples when attending the shows. I have also attended a free exporting course offered by DTI.

D 7: Respondent 7 - 7:6 I am aware that DTI and other government departments at provincial levels... (3256:3449)

I am aware that DTI and other government departments at provincial levels do organise shows and training for aspirant exporters. I am not aware of any other incentives except the ones for shows.

D 8: Respondent 8 - 8:4 The Emerging Exporters & SASS funding, Individual Exporter Scheme (1444:1508)

The Emerging Exporters & SASS funding, Individual Exporter Scheme.

D 8: Respondent 8 - 8:6 am 100% aware of the incentives and I try to use them if the selected... (2116:2300)

I am 100% aware of the incentives and I try to use them if the selected show fits in with my export strategy. If the other manufacturers can read their e-mails, they should also be aware.

D 9: Respondent 9 - 9:4 support for international shows (1460:1491)

Support for international shows.

D 9: Respondent 9 - 9:11 I have not applied nor have the intention to apply and as such, I cannot... (3116:3602)

I have not applied nor have the intention to apply and as such, I cannot say whether incentives are accessible or not. Judging by the number of jewellers I have come across at government-sponsored international shows; I think the incentives are somewhat accessible. I have also come across people who have applied and were told that their applications were late with the show still a few months away. It appears to me that you need to have your ducks in a row to access these incentives.

D 10: Respondent 10 - 10:1 I am not aware of any available export incentives (1483:1531)

I am not aware of any available export incentives.

D 10: Respondent 10 - 10:3 I am not aware of any export incentives offered specifically to gold j... (2215:2308)

I am not aware of any export incentives offered specifically to gold jewellery manufacturers.

D 10: Respondent 10 - 10:4 Unfortunately, I do not know of any jewellery export incentives in South Africa... (2412:2608)

Unfortunately, I do not know of any jewellery export incentives in South Africa nor have I attempted to apply. As such, it is almost impossible to make a comment about accessibility or lack thereof.

5.6.2. Incentives: Accessibility of incentives

The theme emerging out of this aspect of the research was *“jewellery manufacturers are fully aware of how to access export-related incentives and have not experienced any problems with the application process”*.

D 1: Respondent 1 - 1:14 The incentives are accessible despite the application process taking ... (4022:4224)

The incentives are accessible despite the application process taking too long. When it comes to participating in shows the applications must be in almost three to four months before the show takes place.

D 3: Respondent 3 - 3:3 I have not yet experienced any challenges relating to access to the in... (2647:2901)

I have not yet experienced any challenges relating to accessing the incentives. All my applications have been speedily processed and feedback about the

outcome is given even though the feedback sometimes is received a few days before the show takes place.

D 3: Respondent 3 - 3:7 I can say our company only started exporting after being given an incentive... (2115:2276)

I can say our company only started exporting after being given an incentive to showcase our jewellery overseas and now we have serious clients in 3 countries.

D 4: Respondent 4 - 4:8 Safe to say that my decision to export came about because of available... (2354:2554)

Safe to say that my decision to export came about because of available incentives to export. If it was not for SEDA, I would not have started exporting at all and now thanks to them I am an exporter.

D 4: Respondent 4 - 4:9 I can say it is very high since my company has benefited from government... (2674:2922)

I can say it is very high since my company has benefited from government export incentives. I can also say that before meeting the SEDA officials, the idea of exports never crossed my mind because I was too focussed on clients here in South Africa.

D 5: Respondent 5 - 5:8 One has to find out more, make enquiries, read from the different government... (3107:3389)

One has to find out more, make enquiries, read from the different government websites, and request to be included in their databases so that they can send you information about what they offer to exporters as well as invitations to participate in shows locally and in other countries.

D 6: Respondent 6 - 6:8 One can apply directly to the department or through the jewellery council... (2673:2884)

One can apply directly to the department or through the jewellery council, SEDA, or provincial agencies to access the export incentives. It all depends on which entity is advertising international or local shows.

D 7: Respondent 7 - 7:7 Very accessible. The jewellery council, SEDA, provinces, state diamond... (3679:4023)

Very accessible. The jewellery council, SEDA, provinces, state diamond trade, and other export promotion agencies like SACCI, GGDA, WESGRO, TIK etc.

always send out information about shows locally and internationally. These various entities assist us with the whole application process; where we encounter difficulties, they give more information.

D 9: Respondent 9 - 9:10 I know that companies get free flight tickets, accommodation, daily also... (2624:3012)

I know that companies get free flight tickets, accommodation, daily allowance and shipping of samples from the government when they participate in international and local shows. I do not know what the qualifying criteria are and what the application process is. I can imagine that the process is quite difficult since it is a government process, which tends to be very slow in [terms of] service delivery.

5.6.3. Incentives: Export Training

The theme that emerged was *“DTI does offer export training and most respondents have attended such training.”*

D 1: Respondent 1 - 1:16 I have attended an export course offered by DTI, which we found to be... (3486:3778)

I have attended an export course offered by DTI, which we found to be too long for a small factory like mine. The feedback we got from our employees who attended the course is that the course was quite informative and so far, the company is using some of the information we got from the course.

D 2: Respondent 2 - 2:12 DTI offers a free introduction to exports course that I attended to le... (2937:3032)

DTI offers a free introduction to exports course that I attended to learn more about exporting.

D 7: Respondent 7 - 7:6 I am aware that DTI and other government departments at provincial lev... (3256:3449)

I am aware that DTI and other government departments at provincial levels do organise shows and training for aspirant exporters. I am not aware of any other incentives except the ones for shows.

D 9: Respondent 9 - 9:8 I also know about the free export training offered by the government, which... (1565:1891)

I also know about the free export training offered by the government, which I am yet to attend because I just do not have time to spare as a small business owner. I had to learn the hard way by engaging with others who were already exporting and reading many articles about exporting in entrepreneurship magazines and the internet.

5.7. Motivational Factors to export

This code group brought together a number of responses that provided an indication of what factors motivated respondents to export and whether, in future, the situation might change. One respondent indicated that they had been exporting before making use of incentives. The respondent explained that his company was planning to make use of government incentives in order to export to foreign markets. Certain respondents indicated that they pursued exports based on unsolicited export orders received from potential overseas buyers. Some of them were not initially motivated to export by government incentives, but receipt of an unsolicited export enquiry led them to find out more about the availability of export support programmes. One manufacturer admitted that incentives offered a compelling opportunity for them to consider exporting, whereas another conceded that although they were not motivated by government incentives to pursue exports, there were other jewellery manufacturers who may well have been motivated by the availability of the incentives to start exporting.

5.7.1. The influence of export incentives on manufacturers

The main theme that emerged in relation to this aspect of the research was *“Incentives have played an important role in influencing most jewellery manufacturers to consider exports and thus they attribute their motivation to pursue exports to incentives.”*

D 1: Respondent 1 - 1:18 Our company started exporting before using government incentives. (2624:2688)

Our company started exporting before using government incentives.

D 1: Respondent 1 - 1:19 We are planning to use incentives to export to other African markets as... (2990:3164)

We are planning to use incentives to export to other African markets as soon as the government can offer support in the form of shows, especially for either Ghana or Nigeria.

D 2: Respondent 2 - 2:13 started exporting after attending a DTI-sponsored exhibition in London... (2093:2358)

I started exporting after attending a DTI-sponsored exhibition in London called IJL. If it was not for the invitation that I received to participate in the show I would still be focusing on the local clients but now a big proportion of my business involves exports.

D 4: Respondent 4 - 4:8 Safe to say that my decision to export came about because of available... (2354:2554)

Safe to say that my decision to export came about because of available incentives to export. If it was not for SEDA, I would not have started exporting at all and now thanks to them I am an exporter.

D 6: Respondent 6 - 6:6 The decision to export came before I was exposed to available incentives... (1801:2170)

The decision to export came before I was exposed to available incentives. A South African exporter who wanted to assist me to find export markets for my handmade jewellery initially approached me. The deal never went through but my interest to export started and as such found out more about exporting which led me to find out more about government incentives to export.

D 7: Respondent 7 - 7:8 started hearing about exporting while studying to become a goldsmith and... (2468:3137)

I started hearing about exporting while studying to become a goldsmith and since then I have had an interest not only to sell locally but also abroad. I am currently selling on local e-commerce platforms and I sometimes get clients from overseas making enquiries. I have also previously listed my products on eBay in an attempt to get overseas clients but that did not work out very well and I decided to withdraw and look at other options. I have attended my first government-sponsored international exhibition last year and managed to get one order and now the same customer is giving me repeat small orders. I do not think that incentives influenced me to start exporting.

D 8: Respondent 8 - 8:5 Very strong influence. It is too overwhelming to even attempt a show... (1839:1998)

Very strong influence. It is too overwhelming to even attempt a show individually. The help received has really opened doors to allow me to work on exporting.

D 9: Respondent 9 - 9:6 I have been exporting for several years now without incentives. I have... (2165:2504)

I have been exporting for several years now without incentives. I have interacted with South African jewellery manufacturers at international shows who were exhibiting at the South African stand. I can say that some seem to be influenced by the incentives and some are not just like myself. I started exporting without any incentives at all.

D 10: Respondent 10 - 10:2 Our company is part of a US multinational company. The mother company... (1804:2093)

Our company is part of a US multinational company. The mother company often gives us export orders for us to fulfil. As a South African-based subsidiary, we do not make any decisions regarding what, where and when to export. We just fit into the overall global export strategy of the company

5.8. Chapter Summary

This chapter consisted of an in-depth analysis of the data that was collected by the researcher. From the data it was determined that jewellery manufacturers were aware that agents are available to assist with the incentives' application processes. There are also non-governmental entities that assist companies or individuals with the application process to access export incentives. Some manufacturers believe that incentives offer a strong opportunity for them to consider exporting, while others believe that although they were not motivated by government incentives to pursue exports, there are manufacturers who may well have been motivated by the availability of the incentives to start exporting.

The next chapter will present the conclusions reached and the recommendations stemming from the study.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1. Introduction

The previous chapter presented an analysis of the research data and the study's findings. This chapter will draw conclusions and make recommendations on the basis of the study.

The main aim of this study was to explore the incentives for exporting gold jewellery from South Africa. Manufacturers of gold jewellery are committed primarily to delivering their goods to their customers, and they have the option to supply domestically or pursue customers internationally.

According to Dana et al. (2009), the primary market for gold jewellery is influenced by push and pull factors that are mainly attributable to the broader global demand for jewellery products. Government export incentives are a push factor which encourages manufacturing firms to export their products, while pull factors primarily refer to trade without tariff barriers and efficient international transport systems.

Governments across the globe aim to improve their markets to secure a bigger share of the international export and import market. With export demand being guaranteed, a country's economic development is assured of following suit. According to Leonidou et al. (2007), manufacturers are mainly encouraged to export their value-added products as this creates more wealth and more profit, as compared to those products which contain less value addition when sold, such as raw materials.

In 2016, manufacturing contributed almost 13% of the South African gross domestic product and provided about 1.6 million jobs (StatsSA, 2017a; StatsSA, 2017b). In South Africa, the primary employment unit comprises manufacturing companies, whose activities add value to different commodities, making them more valuable to the broader economy. The fact that gold has been mined in South Africa for more than 100 years means that gold-related industry is embedded in the country (Richardson & van Helten, 1984).

The biggest proportion of gold produced and sold globally is used to manufacture jewellery. Gold is preferred for the production of different jewellery items because it is expensive and aesthetically attractive when used for adornment. According to Street et al. (2017), almost 80% of the world's annual production of gold jewellery is consumed in China, India, the Middle East and the United States of America. South Africa is not considered a major consumer of gold

jewellery, a fact that underlines the need for jewellery manufacturers to consider exports if they are to significantly grow their sales and not be constrained by limited local demand.

The main issue that the research aimed to investigate was the influence of export incentives on Gauteng-based jewellery manufacturers. The main research question that led to this research is whether the several support programmes and incentives that are available to aspirant and existing exporters do actually entice these companies to pursue exports, thus indirectly improving the competitiveness of the manufacturing sector in South Africa. The principal inducements were found to be tax rebates, whereby the government lowers some of its tax rates to enable companies to carry out their activities. There is also capitalisation support, to aid in the purchase of efficient capital equipment, raw materials and machinery for manufacturers, as well as working capital support (DTI, 2015). However, despite the existence of all these incentives offered by both public and the private sector entities, the production of gold jewellery has continued to stagnate and even decline.

6.2. The research objective

The existing incentives have been put in place to entice gold jewellery manufacturers to use them to pursue export markets. Therefore, the main question that guided the research was to investigate whether gold jewellery manufacturers' decision to pursue gold jewellery exports was influenced by these incentives or not. The study also aimed to examine the impact of the existing export incentives on the selected Gauteng-based gold jewellery manufacturers. The study additionally sought to establish whether these export incentives were providing manufacturers with penetration into the current international market. The purpose of the incentives was after all to make South Africa's gold jewellery more competitive in the global market, which in return would offer better growth prospects for the South African economy.

A further central concern was the level of awareness of the existing incentives among gold jewellery manufacturers, as well as the question of how easy it was for these manufacturers to access the incentives. The aim here was to establish what needs to be done in order to improve the accessibility of these incentives and thus the manufacturers' level of competitiveness. This entailed establishing the current obstacles to accessing the incentives so as to come up with the requisite remedial measures to eliminate them.

Indeed, understanding the existing barriers facing the market will make it easier for the government to remove them and introduce favourable incentives to propel the economic development of the country. This research assisted in determining which incentives were accessed with ease and which ones were difficult to access, with the aim of improving their marketing, increasing awareness and streamlining the application processes.

In order to achieve its main objectives, the study was guided by several research questions. The main research question was to examine if the existing incentives motivated gold jewellery manufacturers to consider exporting. In reviewing this question, the researcher found that although there were many related peer-reviewed publications, no author had yet explored this particular issue.

The study relied on the Uppsala model of internationalisation, which is based on analysing the export readiness of firms. According to Whitelock (2002), the Uppsala model asserts that different manufacturing companies enter into different markets over extended periods based on their knowledge regarding the importance of internationalisation for their respective firms. This study largely confirmed that for manufacturing companies to gain a foothold in international markets, there was a need for them to know about the export incentives and how these might impact on their competitiveness.

On the basis of the data gathered, it was concluded that manufacturers are aware of the various incentives on offer in South Africa. It was also concluded that agents are available to assist them with applying for these incentives. Additionally, exhibitions, courses, and information sessions are available to apprise jewellery manufacturers of the availability of export incentives and the processes of accessing them. Jewellery manufacturers were aware that governmental assistance is a major source of currently available export incentives. There are non-governmental entities that assist companies or individuals with applications for export incentives, while courses and information sessions are available to jewellery manufacturers to keep them abreast of developments in the area of exports and export incentives. Some manufacturers believe incentives create a valuable opportunity for them to consider exporting. At the same time, companies face many internal and external barriers to trade which limit the uptake of the incentives.

6.3. Recommendations of the research

The research findings suggest that export incentives influence gold jewellery manufacturers' decision to pursue exports. The manufacturers indicated that these incentives needed to be carefully considered before any decision was made. However, despite the current government export inducement programmes, there were other factors deterring gold jewellery manufacturers from considering exporting.

The main aim of introducing export incentives is to enhance the productivity of companies so that they become more competitive. However, there are several barriers within foreign markets

that prevent local companies from attaining their full export potential. It is noted that some of the international clients impose costly demands, which negatively affect the South African jewellery manufacturers' ability to export, and which ultimately results in some potential exporters not accepting orders from such export destinations.

The main recommendation from this study is that there is a need for the South African government to pursue better economic relations with international partners. Such relations can only be attained through the state's joining various international trading groups, with the aim of eliminating the trade barriers facing local gold jewellery manufacturers in some international markets.

According to Klee (2000), trade barriers are harmful to the welfare of an economy as they inhibit growth. In a globalising world, governments should be amenable to removing such barriers where they exist. High import duties make products from an exporting country more expensive, thereby eroding or nullifying exporting manufacturers' profits. If such barriers are not eliminated in the countries where they obtain, South African jewellery manufacturers will have to consider only exporting to countries that offer preferential or favourable trade terms.

It was also found that manufacturers experienced delays with payments, which affected their cash flow negatively. The researcher therefore recommends that manufacturers either insist on upfront payment or part payment or procure export credit guarantees to cover them for such eventualities.

The research also found that foreign clients prefer locally manufactured jewellery. This has made it difficult for South African jewellery manufacturers to acquire a reasonable market share in such export markets. To address this central problem, South African manufacturers should develop designs that differentiate their products from the locally made jewellery. It is recommended that gold jewellery manufacturers conduct market research in order to establish the gaps that exist within the export market, so that they can position themselves to bridge such gaps with innovative or unique designs. This may secure them more success with foreign clients who prefer locally manufactured jewellery.

The research also established that in many cases transactions were held up by internet payment systems, and companies indicated that they were at risk of falling prey to various fraudulent internet transactions, which could lead to massive losses. The researcher therefore recommends that manufacturers should only use established trading platforms and not engage with unsolicited potential buyers, without conducting a thorough investigation to ascertain their

authenticity. There are other methods of transacting through the banking system, which, coupled with an appropriate insurance product, can facilitate international trade.

It was also noted that import taxes were higher in some countries than others. South African products can be imported into the US duty-free, while in the EU import duty is less than 10%. It is therefore recommended that manufacturers direct most of their exports to countries that have reduced trade barriers, so as to take advantage of these low or zero duty trade relationships.

Lastly, hallmarking is another critical issue, since importers are allowed to bring un-hallmarked sub-standard jewellery into South Africa, while South African companies are not allowed to do the same when they export to other countries. The price of these un-hallmarked, sub-standard goods affect the sales of local products within the country. The price of these imported goods is likely to be lower, allowing them to compete unfairly competing with locally made, higher quality gold jewellery. Many local buyers end up buying the inferior goods rather than locally made quality items. The researcher therefore recommends that the South African government should develop and introduce a hallmarking system for imported jewellery products. Such a system can easily be used also to hallmark South African-made jewellery destined for export.

6.4. Contribution of the research

The study noted the decline in the production of gold jewellery in South Africa since 2004, and the current low output of South African manufacturers (Short & Radebe, 2008). The study also found that the Department of Trade and Industry in its National Industrial Policy Framework (NIPF) encouraged the boosting of exports by developing and implementing appropriate export promotion strategies (DTI, 2007:23). These strategies are aimed at promoting exports so as to increase company profits and contribute to the growth of the South African economy.

The study revealed that to encourage manufacturing companies to export more to international markets, the government has introduced export incentives. Several export promotion incentives are available to exporters and aspiring exporting companies. Exporting incentives such as the Export Marketing and Investment Assistance Scheme (EMIA) were identified (DTI, n.d.). The study also established that EMIA needs to offer marketing assistance and conduct research to identify potential export markets to promote export capacity.

6.5. Researcher's reflections and lessons learned

Although there exist many government incentives to promote the exportation of gold jewellery by South African manufacturers, companies face a number of internal and external barriers to trade. These limit their uptake of the incentives and inhibit the realisation of increased export performance. Some problems, such as that of high import duties in potential export destinations, require political solutions. Several others might be resolved by the introduction of an accredited hallmarking system in South Africa, for both imported and exported jewellery. Finally, further efforts to promote and publicise the existing export incentives should also bear fruit.

6.6. Areas for further study

Areas for further research include determining the measures used by competitor countries to stimulate exports of gold jewellery and identifying other stimuli that can be used to motivate gold jewellery manufacturers to consider exporting.

6.7. Final remarks

In conclusion, despite the presence of the many incentives in South Africa for gold jewellery production, there has been no significant growth in production. The reasons for this include the prevalence of trade barriers locally and internationally. Notably, the high level of import duty in other countries make South African-made gold jewellery uncompetitive and bar the way to entry into those markets. Such problems make much harder the realisation of the objectives of the export incentives, which include increased exports, job creation, the elimination of poverty, and the reduction of inequality.

In order to alleviate these trade restrictions, the government should negotiate and implement trade agreements with countries and regions that are target export destinations for gold jewellery exports.

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APPENDICES

Appendix A: Research protocol



TITLE OF DISSERTATION

The influence of export incentives on gold jewellery manufacturers' decision to export: A case of selected Gauteng manufacturers

Aim of the research

The aim of this research is to examine the influence of export incentives on gold jewellery manufacturers' decision to export jewellery products.

Objectives of the research

- To investigate the influence existing export incentives, have on selected Gauteng gold jewellery manufacturers' decision to export jewellery products.
- To explore the available South African export incentives offered to gold jewellery manufacturers.
- To measure the level of awareness of the existing export incentives among gold jewellery manufacturers.
- To understand how accessible or not, are the jewellery export incentives in South Africa.
- To understand what barriers to exports are encountered by jewellery manufacturers

Main research question

How do existing export incentives influence jewellery manufacturers' decision to pursue exports of jewellery?

INTERVIEW PROTOCOL FORM

1) Date			
2) Time			
3) Location			
4) Interviewer			
5) Interviewee			
6) Consent form signed	<table border="1"> <tr> <td>No</td> <td>Yes</td> </tr> </table>	No	Yes
No	Yes		
7) Confidentiality			

GENERAL INFORMATION

- 8) Company name (Not to be disclosed) _____
- 9) Year formed _____
- 10) Company representative and position _____
- 11) Product range _____
- 12) Exposure to exports _____
- 13) Permission to record interview granted

No	Yes
----	-----

Researcher's closing remarks

Thank the respondents

Assurance respondents of confidentiality

Seek permission for follow-up

Yes	No
-----	----

Appendix B: Data collection consent letter



23 March 2017

TO WHOM IT MAY CONCERN

Re: Data collection for postgraduate research

Mr Muzi Jeremia Manzi with student number **216000955** is registered for the M Tech (Business Administration) degree at the Cape Peninsula University of Technology (CPUT). His dissertation is titled "***The influence of export incentives on gold jewellery manufacturers' decision to export: A case of selected Gauteng manufacturers***" with the aim to describe the extent to which the existing export incentives contribute towards Cape Town jewellery manufacturers' decisions to pursue jewellery export. The main supervisor for this research is **Dr Virimai Victor Mugobo** contactable on (021) 460-3030 or MugoboV@cput.ac.za

In order to meet the requirements of the University's Higher Degrees Committee (HDC), the student must get consent (*see attached template*) to collect data from organizations which they have identified as potential sources for data.

For further clarification on this matter, please contact either the supervisor(s) identified above, or the Faculty Ethics Committee Chairperson at 021 460 3291/3534.

Regards

A handwritten signature in black ink, appearing to read "M. Twum-Darko", is written over a horizontal line.

Dr. Michael Twum-Darko

Chairperson: Faculty Research Ethics Committee
Faculty of Business and management Sciences



PO Box 1906 Bellville 7535 South Africa
086 123 2788

Appendix C: Ethics clearance certificate



P.O. Box 1906 • Bellville 7535 South Africa • Tel: +27 21 4603291 • Email: fbmsethics@cput.ac.za
Symphony Road Bellville 7535

Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS AND MANAGEMENT SCIENCES
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At a meeting of the Faculty's Research Ethics Committee on 02 November 2017, Ethics Approval was granted to Muzi Jeremia Manzi (216000955) for research activities related to the MTech: Business Administration at the Cape Peninsula University of Technology

Title of dissertation/thesis/project:	THE INFLUENCE OF EXPORT INCENTIVES ON GOLD JEWELLERY MANUFACTURERS' DECISION TO EXPORT: A CASE OF SELECTED GAUTENG MANUFACTURERS Lead Researcher/Supervisor: Dr Virimai Victor Mugobo
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Comments:

Decision: **APPROVED**

 Signed: Chairperson: Research Ethics Committee	02 November 2017 Date
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Clearance Certificate No | 2017FBREC485

Appendix D: Certificate from a language editor

Epsilon Editing

314 Grosvenor Square
17 College Road
Rondebosch
7700

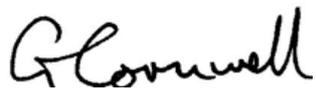
dgncornwell@gmail.com

084-9897977

10 July 2019

TO WHOM IT MAY CONCERN

This serves to confirm that the M.Tech dissertation by Muzi Jeremia Manzi, "The influence of export incentives on gold jewellery manufacturers' decision to export: The case of selected Gauteng manufacturers," has been edited to my satisfaction for language and presentation.



Professor D G N Cornwell (PhD)