

**AN INVESTIGATION INTO THE KEY  
GROWTH FACTORS FOR  
SMALL INDIAN RETAILERS IN SOME  
OF THE PREVIOUS GROUP AREAS  
OF PIETERMARITZBURG:  
THE ROLE OF MARKETING**

by

**SANJAY SHANTILAL SONI**

**A dissertation submitted in fulfilment  
of the academic requirements for the  
degree of Master of Commerce  
in the School of Business  
University of Natal.**

**1999**

## ABSTRACT

The problem this study addresses is the key factors which have played an important role in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg. More particularly, the intention was to examine what role marketing played in this growth. The main reason for undertaking this study is that it seems that many small Indian retailers appeared to have exhibited growth despite having been affected by Apartheid and other problems commonly associated with being small. This study is unique in that it studies growth ie. a positive phenomenon amidst difficult situations ie. Apartheid and problems that are inherent in being small.

This problem is explored by firstly analysing literature on the history of small Indian retailers in South Africa with the intention of identifying possible factors which may have played an important role in their growth. Stemming from this exploratory study into the history of small Indian trade in South Africa were the following factors which seemed to have played an important role in their growth:

- a. business experience and skills
- b. hard work and support especially from family members
- c. good knowledge of the needs of Indian customers
- d. superior service
- e. competitive prices
- f. keeping overheads low

- g. adequate capital possessed particularly by small Passenger Indian retailers
- h. effectively identifying and exploiting opportunities

Secondly, the literature was once again explored to ascertain and examine factors which have been known to play an important role in business and more specifically small business growth. Having examined the literature, it was found that such growth factors could be grouped under six broad headings viz. Personal, Marketing, Financial, Technical, Management, and General.

Relating what seemed to have played an important role historically in South Africa in the growth of small Indian retailers to what has been known to play an important role in small business growth generally, it was found that there were a number of common associations. Hence, this allowed for the generation of the following hypotheses:

The growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg was because of:

- Hypothesis 1 (H1) - Personal Factors
- Hypothesis 2 (H2) - Financial Factors
- Hypothesis 3 (H3) - Marketing Factors
- Hypothesis 4 (H4) - Management Factors
- Hypothesis 5 (H5) - Technical Factors
- Hypothesis 6 (H6) - General Factors

A survey was conducted in two areas which were part of the previous Group Areas of Pietermaritzburg and are often referred to as the 'hub' of Indian retailer activity in Pietermaritzburg with a high concentration of small Indian retailers. The areas in question were the 'bottom end of town' which included all those businesses in Church Street between East and Relief Streets; the other area included businesses in Old Greytown Road between Naidoo and Allandale Roads. A total of 67 small retailers were interviewed who survived for at least three years, were in business during the Apartheid era, and exhibited some form of growth during this period. Cluster/area samples were chosen on the basis of convenience and judgement to suit the financial and time constraints of the study; and elements were included in the sample randomly but in proportion to the size of their clusters/areas in the total cluster/area population.

The 67 businesses studied were classified as low, medium, and high growth using Hatten's (1997) and Walker's (1988) growth models. There were 31 low growth, 32 medium growth, and 4 high growth businesses.

The most important factors in this study were found to be in order of importance: personal, financial, marketing, management, and technical. In addition, the results of the qualitative study revealed that Culture and Religion, Group Areas, and past business experience also played an important role in business growth, in this study.

The 'top ten' sub factors in this study were found to be:

Honesty

Hard Work

Commitment

Involvement

Common Sense

A belief in Superior Quality and Service

Learning from Failure

Knowledge of Business and Market

Adequate Capital

Price

In testing the hypotheses, using the Chi-squared test, it was found that there were significant relationships between business growth and personal, financial, marketing, management, and technical factors, at the 95% confidence level. For all factors, using the Chi-squared test, significant differences, and high frequency counts were apparent at levels of importance thus suggesting that all factors studied were at least important in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg.

The results of this study may be useful to:

- a. prospective small business people wanting to increase their chances of growth
- b. those small businesses that want to increase their growth

- c. those small businesses experiencing growth problems
- d. small business operators from disadvantaged backgrounds
- e. organisations involved in small business development, support, and training.

The limitations of this study include:

- a. the lack of a pre-prepared sampling frame
- b. unique results which may not be applicable to other small businesses
- c. lack of literature on small business growth and the history of Indian trade in South Africa
- d. inapplicability of the chi-square test for businesses in the high growth category due to a small cell size
- e. restricted response from the Likert scale measurement used.

## ACKNOWLEDGEMENTS

This research project would not have been completed without the help of a number of people too numerous to mention. I am deeply indebted to all those who either directly or indirectly contributed to this thesis. However, there is need to mention by name the assistance of certain people.

First and foremost, I extend my sincere gratitude to my supervisor Professor E.C. Bbenkele for his support, diligence, encouragement, and above all being patient. I will forever be indebted to him.

In addition, I thank my colleagues and members of staff in the Department of Business Administration for their useful comments during the seminars. I also thank those delegates at the SAIMS Conference (1997), in particular Mr. Kanti Bhowan, who showed a very keen interest in my topic and provided some very interesting comments and literature.

I would like to extend a special thank you to Professor Don Mead (Ford Foundation) for his great interest in my work and the useful and constructive comments he provided.

I also have to mention a very special thank you to Professor Tom McEwan for all the positive support he has given in persuading me to complete this dissertation.

A special thank you is extended to Mr. D. Bundhoo (Pietermaritzburg) for entrusting me with his rare and valuable literature on the history of Indians and Indian retailers in South Africa.

To Mr. M. Gwatidzo, J. Ngoya, and K. Stileau, a special thank you is extended for the statistical assistance provided.

Finally, to my family, I say a very big thank you for being accommodative and 'hanging in there' during this busy period.

## TABLE OF CONTENTS

	PAGE
ABSTRACT	i
ACKNOWLEDGEMENTS	VI
CONTENTS	VII
LIST OF TABLES	XII
ORGANISATION OF THE THESIS	XV
1. STATEMENT OF THE PROBLEM, DEFINITION, OBJECTIVES, AND RESEARCH CONTEXT	
1. Aim of the Chapter	1.1
2. Statement of the Problem	1.2
3. Clarification of Terms	1.7
3.1. Small Business	1.7
3.2. Growth	1.8
3.3. Marketing	1.9
3.4. Group Areas	1.10
4. Objectives	1.10
5. Research Context	1.11
6. Summary	1.17
2. BACKGROUND OF INDIANS AND INDIAN TRADE IN NATAL	
1. Aim of Chapter	2.1
2. Arrival of Indians in Natal	2.2
3. Passenger Indians	2.3.
4. Free Indians	2.5
5. Traders in Natal	2.7
6. Specific Reasons for the Growth of Indian Trade	2.11
7. Problems Encountered by Indian retailers in Natal	2.15
8. Summary and Conclusion	2.19



	PAGE
3. GROWTH FACTORS IN SMALL BUSINESS	
1. Aim of Chapter	3.1
2. Growth Factors in Small Business	3.2
2.1. Personal Factors for Growth	3.3
2.2 Financial Factors	3.7
2.3. Management Factors	3.9
2.4. Technical Factors	3.12
3. Growth Factors in Business in Other Parts of the World	3.14
3.1. Growth Factors in Japan	3.14
3.2. Growth Factors in America	3.15
3.3 Growth Factors in China	3.15
6. Reasons Why Businesses do not Grow	3.16
7. Summary	3.17
4. THE ROLE OF MARKETING IN SMALL BUSINESS GROWTH	
1. Aim of Chapter	4.1
2. Marketing Defined	4.2
3. The Marketing Concept	4.3
4. Marketing Advantages of Small Businesses	4.4
5. The positive effects of some Entrepreneurial Characteristics on Marketing	4.7
6. Marketing Applications and Limitations to Small Business	4.9
7. Why Marketing is Important in Small Business Growth?	4.12
7.1 Profit Generation	4.13
7.2. Competitive Advantage	4.13
7.3 Creating Utilities	4.14
8. Empirical Evidence if the Contribution of Marketing to Success and Growth	4.14

	PAGE
8.1. Attitudinal Factors	4.15
8.2 Strategic Factors	4.16
8.3 Tactical Marketing Factors	4.17
9. Summary	4.20
5. RESEARCH METHODOLOGY	
1. Aim of the Chapter	5.1
2. Research Context	5.1
3. Research Hypotheses	5.2
4. Research Design	5.4
5. Data Collection	5.7
6. The Sampling Process	5.9
6.1 The Research Population	5.9
6.2 The Sampling Frame	5.10
6.3 The Sampling Procedure	5.11
6.4 Sample Size	5.13
6.5 Sample Plan and Selection Process	5.13
7. Questionnaire and Fieldwork	5.15
9. Variables and their Measurement	5.17
9.1 Dependent Variable	5.17
9.1.1. Growth	5.17
9.1.2 Survival	5.18
9.2 The Independent Variables	5.19
10. Data Analysis	5.20
11. Summary	5.21
6. EMPIRICAL FINDINGS	
1. Aim of Chapter	6.1
2. Description of the Sample	6.2
3. Results	6.5
3.1 Personal Factors	6.9
3.1.1 Honesty	6.12
3.1.2 Hard Work	6.13
3.1.3 Commitment	6.16

3.1.4	Involvement	6.18
3.1.5	Common Sense	6.20
3.1.6	Learning From Failure	6.22
3.2	Financial Factors	6.24
3.2.1	Adequate Capital	6.25
3.3	Marketing Factors	6.27
3.3.1	A belief in Superior Quality and Service	6.29
3.3.2	Knowledge of Business and Market	6.32
3.3.3	Price	6.34
3.4	Management Factors	6.37
3.5	Technical Factors	6.39
3.6	Other Factors	6.41
3.6.1	The Experience Factor	6.42
3.6.2	Religious and Cultural Advantages	6.43
3.6.3	Problems Creating Growth Opportunities	6.44
4.	Testing the Hypotheses	6.46
4.1	Testing Hypothesis H1	6.47
4.2	Testing Hypothesis H2	6.51
4.3	Testing Hypothesis H3	6.54
4.4.	Testing Hypothesis H4	6.58
4.5	Testing Hypothesis H5	6.62
5.	Summary	6.66
7.	DISCUSSION---SUMMARY---SUGGESTIONS	
1.	Aim of the Chapter	7.1
2.	A Restatement of the Research Question, Objectives, Hypotheses and Results	7.1
3.	Objectives	7.2
4.	Summary and Discussion of the Results	7.3
5.	Justification of the Validity of	

the Results	7.11
5.1. Construct Validity	7.11
5.2 Face Validity	7.11
6. Contribution of the Research	7.12
6.1 Conceptual Contribution	7.12
6.2 Empirical Contribution	7.14
7. Managerial Implications	7.15
8. Limitations of the Study	7.18
9. Suggestions for Future Research	7.21

## APPENDIX

## LIST OF TABLES

<u>Table</u>	<u>PAGE</u>	
2.1	The Number of Retail Shops Kept by Free and Passenger Indians in the Borough of Durban 1870-1885	2.8
2.2.	The Total Number of Trading Licences Held By Indians in Natal 1895-1908	2.9
2.3	The Number of Whites and Indians in Commerce in Natal	2.10
6.1	Survey Sample Proportions	6.3
6.2	Average Importance Scores out of 5 for Factors	6.6
6.3	Average Importance Score for Different Growth Categories Important	6.7
6.4	Average Importance Scores of Sub-Factors	6.8
6.5	Importance of Personal Factors	6.9
6.6	Importance of Personal factors for Different Growth Categories	6.10
6.7	Importance of Honesty	6.12
6.8	Importance of honesty for Different Growth Categories	6.13
6.9	Importance of Hard Work	6.14
6.10	Importance of Hard Work for Different Growth Categories	6.15
6.11	Importance of Commitment Overall	6.16
6.12	Importance of Commitment to the Different Growth Categories	6.17
6.13	Importance of Involvement	6.18
6.14	Importance of Involvement to the Different Growth Categories	6.19
6.15	Importance of Common Sense	6.20
6.16	Importance of Common Sense to the Different Growth Categories	6.21
6.17	Importance of Learning from Failure	6.22

<u>Table</u>	<u>PAGE</u>	
6.18	Importance of Learning from Failure to the Different Growth Categories	6.23
6.19	Importance of Financial Factors	6.24
6.20	Importance of Financial Factors to to the Different Growth Categories	6.25
6.21	Importance of Adequate Capital	6.26
6.22	Importance of Adequate Capital to the Different Growth Categories	6.26
6.23	Importance of Marketing Factors	6.27
6.24	Importance of Marketing Factors to the Different Growth Categories	6.29
6.25	Importance of A Belief in Superior Quality	6.30
6.26	Importance of A Belief in Superior Quality and Service to the Different Growth Categories	6.31
6.27	Importance of Knowledge of Business and Market	6.32
6.28	Importance of Knowledge of Business and Market for Different Growth Categories	6.33
6.29	Importance of Price	6.34
6.30	Importance of Price to the Different Growth Categories	6.35
6.31	Importance of Management Factors	6.37
6.32	Importance of Management Factors to the Different Growth Categories	6.38
6.33	Importance of Technical Factors	6.39
6.34	Importance of Technical Factors for the Different Growth Categories	6.41
6.35	Calculation of Chi-Squared Statistic for Personal Factors	6.48
6.36	Calculation of Chi-Squared Statistic for Personal Factors (Low-Growth Firms)	6.49
6.37	Calculation of Chi-Squared Statistic for Personal Factors (Medium-Growth Firms)	6.49

<u>Table</u>		<u>PAGE</u>
6.38	Frequencies for Personal Factors	
	Personal Factors (High-Growth Firms)	6.50
6.39	Calculation of Chi-Squared Statistic for Financial Factors	6.51
6.40	Calculation of Chi-Squared Statistic for Financial Factors (Low-Growth Firms)	6.52
6.41	Calculation of Chi-Squared Statistic for Financial Factors (Medium-Growth Firms)	6.53
6.42	Frequencies for Financial Factor Financial Factors (High-Growth Firms)	6.54
6.43	Calculation of Chi-Squared Statistic for Marketing Factors	6.55
6.44	Calculation of Chi-Squared Statistic for Marketing Factors (Low-Growth Firms)	6.56
6.45	Calculation of Chi-Squared Statistic for Marketing Factors (Medium-Growth Firms)	6.57
6.46	Frequencies for Marketing Factors Marketing Factors (High-Growth Firms)	6.62
6.47	Calculation of Chi-Squared Statistic for Management Factors	6.59
6.48	Calculation of Chi-Squared Statistic for Management Factors (Low-Growth Firms)	6.60
6.49	Calculation of Chi-Squared Statistic for Management Factors (Medium-Growth Firms)	6.61
6.50	Frequencies for Management Factors Management Factors (High-Growth Firms)	6.62
6.51	Calculation of Chi-Squared Statistic for Technical Factors	6.63
6.52	Calculation of Chi-Squared Statistic for Technical Factors (Low-Growth Firms)	6.64
6.53	Calculation of Chi-Squared Statistic for Technical Factors (Medium-Growth Firms)	6.65
6.54	Frequencies for Technical Factors Technical Factors (High-Growth Firms)	6.66

## ORGANISATION OF THE STUDY

This study is divided into seven chapters each looking at different but related issues. Brief summaries of the chapters are given below:

Chapter 1 is divided into four sections. The first section gives a statement of the problem which looks at a positive phenomenon (ie. growth) which is examined in negative situations (ie. Apartheid, and being small). The second section seeks to provide clarity on important terms used in the study so that from the very outset, there is no confusion. The third section outlines the research objectives. The final section discusses the research context within which growth will be studied.

Chapter 2 provides historical information on small Indian trade in South Africa. The major aim of this chapter is to identify factors that were known to have played an important role in the growth of small Indian retailers in South Africa historically. This could help highlight issues which may be useful in the setting of hypotheses.

Chapter 3 discusses and evaluates the literature that exists regarding growth factors in small business and business generally. The major aim of this chapter is to identify factors that have been known to play an important role in the growth of small businesses generally and relate these to what was found in chapter 2. Here again, issues are highlighted which could help to formulate hypotheses.

Chapter 4 is concerned with whether marketing plays an important role in the growth of a small business and to relate this with information generated in chapter 2. Here, the inherent advantages that small businesses have in conducting marketing activity are looked at. Also, inherent factors that place limitations on small businesses in carrying out marketing is discussed. The main focus however is on the important role of marketing in growth. This



chapter also plays a useful role in helping to formulate hypotheses.

Chapter 5 presents the research methodology, chapter 6 looks at the empirical findings of the study and chapter 7 discusses and summarises the study

## CHAPTER 1

### THE STATEMENT OF THE PROBLEM, DEFINITIONS, OBJECTIVES, AND RESEARCH CONTEXT

#### 1. AIM OF THE CHAPTER

This chapter aims to present the problem area of inquiry, the objectives which the study hopes to achieve, definitions of key terms for clarification, and the context defining the parameters within which the study will be conducted. Within this outline, this chapter points out that the main reason for undertaking such a study is to uncover and evaluate the key factors which have contributed to the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg. In addition, within this broad framework, this study examines whether marketing has played an important role in business growth. Finally, it is suggested that a suitable context to study the growth of small Indian retailers in the previous Group Areas of Pietermaritzburg should be broad as it is evident from the literature that there are numerous factors which influence business growth. Most of these factors have been identified by Morkel in Scholtz (1986) in a similar study and include personal, technical, management, financial, marketing, and general factors. Nevertheless, an important focus of the study will be on marketing and more specifically on whether marketing has played an important role in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg.

## 2. STATEMENT OF THE PROBLEM

This study investigates the key growth factors for small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg. The basic reason for undertaking this study is that despite the numerous difficulties that small Indian retailers in South Africa are known to have faced historically as evidenced in (Bhana & Brain : 1990, Rennie : 1989, and Ginwala : 1992), it appears that many Indian retailers have exhibited growth. In addition to these difficulties, small Indian retailers may also have been restricted by other difficulties which were known to have affected most small businesses in South Africa. The Small Business Development Corporation (1988) identified most of these difficulties which generally faced small businesses in South Africa, as follows:

- a. Regulations, policies and other "red tape" which restricted the establishment and development of small businesses
- b. Insufficient capital and shortage of finance. Although it was noted by Bhana & Brain (1990) that historically, some Indian retailers did come in with capital
- c. Restricted access to credit facilities. This probably had an even bigger impact on small Indian retailers as a disadvantaged group in South Africa.

d. Lack of managerial knowledge and skills. Although, it should be noted, as reported by Bhana & Brain (1990) that, historically, some small Indian retailers had experience in trade before coming to South Africa which implies that they also had the requisite management skills and knowledge to be successful and exhibit growth.

e. Shortage of suitable and reasonably priced business premises. This could have proven to be an even bigger problem for Indian retailers as a result of the Group Areas Act which, as noted by Ginwala (1992), placed severe restrictions on where they could trade

Brown (1985) examined difficulties that small businesses experience universally which should also be applicable to small Indian retailers. Some of these problems are as follows:

a. The owner manager may have a number of functions to look after and could not possibly expect to be an expert in each. However, non specialisation, according to Ouchi's (1981) study of Japanese organisations, has been recognised as a possible contributor to the success and growth of Japanese firms in the market place. The advantages of non specialisation therefore may have contributed to the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg.

b. Dependence on one product or technology is also liable to make a small firm vulnerable to technical change and innovation. Stanton (1995) states the adage 'innovate or die'. However, evidence in Arkin (1981) and Bhana & Brain (1990) indicates that small Indian retailers, historically, may have exhibited growth through innovative approaches in doing business which implies that innovation may have been important to their business growth.

c. Small firms undertake marketing activities on a limited budget and on a 'do-it-yourself' basis, making many theories and practices of large firm marketing inapplicable. In addition, an article in Small Business World (1993) states that one of the most important aspects neglected by small businesses is that of marketing. This implies that although marketing is recognised as playing an important role in small business growth, it may have been neglected by small Indian retailers in some of the previous Group Areas of Pietermaritzburg.

Therefore, it can be argued, that due to Apartheid-related difficulties (Ginwala : 1992), which many small Indian retailers in South Africa had to contend with, together with the difficulties inherent in being small (Small Business Development Corporation : 1988), conditions may not have created a very conducive environment for their growth. Against this background, an interesting and unique study becomes possible because growth, which is a positive phenomenon, is being studied under what were negative and difficult conditions for the target population in the South African environment.

It is possible that the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg could have come about as a result of the many advantages inherent in being small. These advantages according to Machado (1996) and the Small Business Development Corporation (1988) are as follows:

a. Small businesses are usually better acquainted with customers than large, bureaucratic businesses. Bhana & Brain (1990) note that small Indian retailers "...were prepared to keep long hours, persevere, and please the customers." In addition, they note that Indian retailers had "better knowledge of their Indian patrons". This suggests that there could have been marketing advantages which historically may have contributed to the growth of small Indian retailers.

b. Small businesses have faster decision-making, adaptation, and problem solving reaction-time to market changes and needs. It is evidenced in Meer (1969) and Palmer *et.al* (1956) that historically small Indian retailers in South Africa were able to extend and adapt their business activities even to rural areas where many white traders did not want to go. In addition, Bhana & Brain (1990) showed that historically small Indian farmers were able to convert land covered in bush, with great expertise and energy, into productive land, which was thought to be unsuitable for farming, and which was then sold at a very good profit. This implies that small Indian retailers historically were able to adapt and had good problem-solving skills.

c. Small businesses have greater control over resources and their utilization. As noted by Bhana & Brain (1990), small Indian retailers were able to keep good control over their overheads to the extent that many even lived on the premises where they traded which helped to keep the rental overhead low. Hence, this implies that growth may have resulted from keeping overheads low.

d. Small businesses generally provide more personalised and superior service. Superior service was particularly evident, as noted in McCrystal & Maasdorp (1967), in the area of market gardening.

Although documented historical evidence, noted in (Bhana & Brain : 1990, and Arkin : 1981, McCrystal & Maasdorp :1967, Meer : 1969, Palmer *et.al.* 1956, and Rennie : 1989), exists on the growth and success of Indian trade in South Africa, it can be argued that due to changes in time and situations, what may have applied in the past, may not apply at present. Moreover, the information available from the literature is based broadly on Indian trade in South Africa and does not focus on different areas in the country. Hence, it can be argued that due to insufficient detailed knowledge, much remains to be learned about the key factors which have contributed to the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg. This study of the key growth factors of small Indian retailers in some of the previous Group Areas of Pietermaritzburg has the potential, therefore, of making an important contribution to knowledge.

### 3. CLARIFICATION OF TERMS

The topic of this study is 'An investigation of the key factors that have contributed to the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg : the role of marketing.' For clarification purposes, some key variables of the topic need to be defined. A definition of Small Business, Growth, Marketing, and Group Areas follows.

#### 3.1 Small Business

The Small Business Development Corporation (SBDC) (1988) defines small business as an independent, profit-oriented economic unit which generally manifests distinctive characteristics such as:

- a. independent ownership
- b. independent management
- c. simple organisational structure
- d. relatively small influence on the market

and whose ownership can be identified with the persons who act as:

- a. entrepreneurs
- b. part suppliers of capital
- c. management of the business
- d. effective decision makers
- e. those who share in the profits



In quantitative terms, the SBDC defines small businesses as those who are generally considered to have:

- a. total assets of less than R1.5 million
- b. annual turnover of less than R5 million
- c. less than 100 employees.

### 3.2. Growth

Hatten (1997) states that growth is a natural and usually desirable consequence of being in business and can be seen in several forms. He argues that growth can be seen in terms of revenue, total sales, number of customers, number of employees, products offered, and facilities needed.

Another view of growth is given by Walker (1988), who supports the Harvard Business School's definition of growth which has five stages. These stages are:

#### a. Existence

In this growth stage, the business is run by the owner. The product line is usually limited and the customer base is small.

#### b. Survival

Due to the business becoming more aggressive, generally the number of customers and employees starts to increase. Communication would be more formalised and forward planning may become evident.

#### c. Success

In this stage, the business is generally more established and may be expanding at a very fast rate.

#### d. Take Off

At this stage, the business has successfully expanded with multiple product lines and a divisional organisational structure.

#### e. Resource Maturity

At this stage, the business is well established and successful with the owner and the business becoming quite separate financially and operationally.

In this study, growth will be looked at in terms of Hatten's (1997) and Walker's (1988) models. In addition, using Walker's (1988) model, firms will be allocated to different levels of growth ie. low, medium, and high growth.

### 3.3. Marketing

Marketing is defined by the American Marketing Association as "...the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives". Longenecker, Moore & Petty (1994:190) suggest that "small business marketing consists of those business activities that relate directly to identifying target markets, determining the potential of the target market, and preparing, communicating and delivering some bundle of satisfaction to the target

markets".

It is noteworthy that Carson *et.al* (1995) argue that marketing is 'fundamentally different' and 'more successful' in small businesses than in larger businesses. This contention will be discussed in the chapter on 'the role marketing plays in business growth'.

#### 3.4. Group Areas

In terms of the Group Areas Act (No 41/1950), traders from each race group were required to locate in areas that were specifically set aside for that racial group.

#### 4. OBJECTIVES

The objectives of this study are as follows:

- a. To identify and evaluate the key factors that have played an important role in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg.
- b. To identify and evaluate whether marketing has played an important role in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg.
- c. To perform a and b above for low, medium, and high growth small Indian retailers in some of the previous Group Areas of Pietermaritzburg.

- d. To ascertain whether the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg can be positively associated with the key factors identified.

## 5. RESEARCH CONTEXT

The research context describes the important parameters which describes the environment in which this research will be conducted. Discussing these parameters is important as it further highlights the area of inquiry.

This study is unique in that it studies the growth of a group of businesses which should not have exhibited growth theoretically, given the difficulties they faced in South Africa. These difficulties were essentially experienced during Apartheid (Ginwala : 1992) and many arose as a result of being inherently small in an environment that tended to favour big businesses.

Firstly, during Apartheid, Indian retailers were negatively affected by a multitude of restrictive legislation. According to Ginwala (1992) and Rennie (1989), the restrictions imposed on Indian retailers historically were:

- a. licensing policies which restricted freedom to trade and restrictions placed on property ownership
- b. immigration policies which restricted their movement within the country
- c. prohibiting Indian retailers from dealing in liquor
- d. the imposition of a licence fee for Indian hawkers thus

restricting their participation in economic activity

- e. "keeping Indians out of properties that were well situated for Black and White trade" (Rennie : 1989 : 17)
- f. The Group Areas Act which placed restrictions on the number of areas from which Indians could trade.

However, despite restrictive legislation, small Indian retailers in South Africa were found to have exhibited growth historically according to Arkin (1981).

Secondly, being small, Indian retailers would have been further restricted by the following impediments which faced small businesses generally in South Africa. According to the Small Business Development Corporation (1988), these restrictions were:

- a. "lack of managerial knowledge and skills"
- b. "low levels of formal business training"
- c. "lack of well established and organised distribution system"
- d. "insufficient capital/ shortage of finance"
- e. "shortage of suitable reasonably priced business premises"
- f. subject to excessive red-tape, regulation, and bureaucracy

In addition, small Indian retailers in South Africa and hence Pietermaritzburg are part of a negative economy which, according to the Small Business Development Corporation (1988), includes:

- a. "widespread unemployment" and "population growth rate reaching crisis proportions"

b. "inequitable distribution of wealth"

c. "slow rate of economic growth"

Bhowan (1980 : 9) argues that, considering the limitations imposed on small Indian retailers over the years, the fact that they managed to survive would suggest that they "have an entrepreneurial spirit that can be made to work for the benefit of the South African society". However, small Indian retailers in some of the previous Group Areas of Pietermaritzburg appear not to have only survived but also exhibited higher levels of growth.

Therefore, this background of the multitude of difficulties faced by small Indian retailers in South Africa should lead to an important study into the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg.

According to the literature (Morkel & Gasse in Scholtz (1986), Bamberger : 1982), a number of factors have been found to play an important role in small business growth. In addition, in examining the growth of small Indian retailers historically in South Africa, the literature (Bhana & Brain : 1990, Arkin : 1981, Rennie : 1989, Meer : 1969, Palmer *et.al.* : 1955, and Bhowan : 1980), shows that various factors could have played an important role in their growth. These factors may have assisted small Indian retailers in some of the previous Group Areas of Pietermaritzburg to overcome the difficulties mentioned previously and bring about business growth. In combining information from the literature, an important model emerges which

will form a framework for studying the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg. This model can be illustrated as follows:

Literature on Small Business  
Success/Growth

Morkel in Scholtz (1986)	Personal Factors
Gasse in Scholtz (1986)	Marketing Factors
Scholtz (1986)	Technical Factors
Bamberger (1982)	Financial Factors
Brown (1985)	Management Factors
& Others	

Business Growth

Literature on Historical  
Success/Growth Factors of Small  
Indian retailers in  
South Africa

Bhana & Brain (1990)	Adequate capital
Arkin (1981)	Hard Work
Rennie (1989)	Adaptable
McCrystal	Low Overheads
& Maasdorp (1967)	Niche marketing
Palmer et.al. (1956)	Superior service
Bhowan (1980)	Low price
Venter (1979)	Skills
& Others	Prior Experience in Trade
	Better acquainted with Customers

The historical factors in the above model can be grouped into five broad categories which were found in the literature to have been important for small business growth. A brief discussion of the five broad growth factors follows:

In a study into small business success and hence growth in

Australia, Morkel in Scholtz (1986) found that personal factors played the most important role. In examining the history of Indian trade in South Africa, Bhana & Brain (1990), Arkin (1989) and Palmer *et.al.* (1956) showed that there was a strong evidence of the existence of personal factors such as hard work, initiative, perseverance, past experience, and honesty, which may have played an important role in the growth of their businesses.

Nieuwenhuizen *et.al* (1996) assert that technical factors, such as having appropriate skills and expertise, can play an important role in entrepreneurial success and hence growth. This corroborates the finding of Larson & Clute (1979) which found that, among other factors, a lack of skills and training were often cited as reasons for failure. This implies that skills and training (expertise) play an important role in averting failure thus bringing about success and hence growth. However, according to the Small Business Development Corporation (1988), small businesses in South Africa, including small Indian retailers, lack managerial skills and business training possibly implying an impediment to growth. However, historical evidence in Bhana & Brain (1990) showed that for example Indian farmers who exhibited growth had the skills, energy, and expertise to cultivate land covered in bush which was thought to be unsuitable for farming into productive land, thus implying that growth may have resulted from a technical advantage.

Kozmetsky and Ridgeway (1983) found that among other factors, management played an important role in averting failure in small



business. In addition, the faster decision-making and problem solving abilities, greater flexibility, more control, and greater inter-personal contact which are advantages small businesses (including small Indian retailers) generally possess, according to the SBDC (1988), are indicative of management advantages. This implies that such management advantages should play an important role in the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg.

According to the SBDC (1988), a major problem facing small businesses in South Africa, including small Indian retailers is that they lack finance and capital. This could be detrimental to business growth as Peterson, Kozmetsky, and Ridgeway (1983) found that a lack of finance is often a reason for business failure. However, historical evidence in Arkin (1981) shows that the Passenger Indians who had more capital resources, exhibited the highest growth amongst small Indian retailer groups suggesting that their growth may have been as a result of financial advantages.

Another important dimension to the research context of this study is the evaluation of the role of marketing. Evidence in the literature (Baker & Hart : 1989) suggests that success and hence growth stems from marketing areas including market research, good products and services, effective promotions, and good pricing. However, according to Carson *et.al.* (1995), due to a lack of resources, the scope and intensity of marketing in a small business (including small Indian retailers) is limited. In

addition, according to Small Business World (1993), marketing is one of the most important but often neglected aspects of small business. However, historical evidence in the literature, (Bhana & Brain : 1990, Arkin : 1981, Rennie : 1989, Meer : 1959, Palmer et.al. : 1956, and Bhowan : 1980), shows that marketing was not neglected by small Indian retailers in South Africa and may have been an important contributor to their survival and growth.

It is therefore apparent that the context within which the growth of small Indian retailers in the previous Group Areas of Pietermaritzburg will be examined is broad with a number of components. Taking a broader look at possible factors affecting growth will be useful because if growth can be viewed broadly as Hatten (1997) and Walker (1988) advocate, then the factors which can have a bearing on growth could also be numerous and hence need to be investigated broadly.

## 6. SUMMARY

This chapter has outlined the research problem, definitions of key terms, research objectives and the context of the study.

The main reason for the inquiry is that Indian small retailers in Pietermaritzburg appear to have exhibited growth despite having faced numerous difficulties such as Apartheid.

Despite the inherent difficulties faced by small businesses in general, such as lack of resources, they have many relative advantages over large organisations, such as being closer to

their customers and having greater flexibility. Such advantages may also play an important role in the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg.

The growth of Indian retailers in Pietermaritzburg is defined in terms of Hatten's (1997) and Walker's (1988) models. Those organisations which exhibited growth according to Hatten's (1997) and Walker's (1988) models, particularly during the Apartheid period, and were still in existence at the time this study was undertaken, would be ideal candidates for inclusion in the study. The reason is that such organisations may probably have done something right to have exhibited growth during a negative period of history like Apartheid. The main objective of the study is to investigate the key factors responsible for the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg.

The growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg will be studied within the context of factors which are known from the literature for their contribution to small business growth and, more particularly, the growth of small Indian retailers historically from an orientation which will be focused on studying this growth within a marketing context.

## SELECTED REFERENCES

- Arkin, A.J. , The Contribution of Indians to the South African Economy, PhD Thesis, University of Durban Westville, 1981.
- Baker, M.J. and Hart, S.J., Marketing and Competitive Success, Phillip Allan, 1989, U.K.
- Bamberger, I., Portfolio Analysis for the Small Firm, Long Range Planning, Vol.16, No.6, 1982, pp. 49-57
- Bhowan, K, The Indian in Retail Trade - Paper Presented to the Planning for People Conference, 1980
- Brown, R., Marketing for the Small Firm, Holt, Rinehart and Winston, U.K., 1985.
- Bhana, S. & Brain, J., Setting Down Roots - Indian Migrants in South Africa, Witwatersrand University Press, Johannesburg, 1990.
- Carson, D. et.al. , Marketing and Entrepreneurship in SMEs, Prentice Hall, London, 1995.
- Ginwala, F., Indian South Africans - Minority Rights Group International Report, March, 1992.
- Hatten, T.S., Small Business: Entrepreneurship and Beyond, Prentice Hall, 1997.
- Larson, C.M. and Clute, R.C., The Failure Syndrome, American Journal of Small Business, Vol. 4, October, 1979, pp.35-43
- Longenecker, J.G. & Moore, C.W. & Petty, J.W., Small Business Management : An Entrepreneurial Emphasis, 9th Edition, South Western, Cincinnati, 1994.
- McCrystal, L.P., and Maasdorp, G.G., The Role of the Indian in Natal's Economy, in The Indian South African, South African Institute of Race Relations, 1967
- Meer, F., Portrait of Indian South Africans, Avon House, 1969
- Murphy, C., Flags Unlimited: The Unfurling of a Family Business, Canadian Business, 1986
- Nieuwenhuizen, C. et.al., Entrepreneurship and How to Establish Your Own Business, Juta & Company, South Africa, 1996
- Ouchi, W., Theory Z : How American Businesses Can meet the Japanese Challenge, Addison Wesley, 1981
- Palmer, M., The History of Indians in Natal, Greenwood Press, Westport, Connecticut, 1977.

Palmer, M *et.al*, The Indian as a South African - A Symposium, 1956.

Peters, T.J. & Waterman, R.W., In Search of Excellence, Harper & Row, 1982

Peterson, R.A., Kozmetsky, G., and Ridgeway, N.M., Perceived Causes of Small Business Failures: A Research Note, American Journal of Small Business, Vol.8, Summer, 1983, pp.15-19.

Rennie, A.J. , The Settlement Patterns and Economic Activities of Indians in Nineteenth Century Pietermaritzburg, B.A. (Hons) Thesis, University of Natal, Pietermaritzburg, 1989.

Scholtz, C, Factors Influencing the Success of Certain Small Manufacturing Engineering Businesses, MBA Thesis, University of the Witwatersrand, Johannesburg, 1986

Small Business and the South African Economy, Small Business Development Corporation Information Booklet, 1988

Stanton, W.J., Etzel, M.J., and Walker, B.J., Fundamentals of Marketing, McGraw-Hill, 1992 & 1995

Small Business World, The Importance of Marketing for the Small Business, 1993

Walker, l., In Search of Success, Entrepreneur, January, 1988, p.5

## CHAPTER 2

### BACKGROUND OF INDIANS AND INDIAN TRADE IN NATAL

#### 1. AIM OF CHAPTER

The aim of this chapter is to understand the historical issues which have played an important role in the growth of small Indian retailers in South Africa.

The examination of small Indian retailers and the growth thereof will be looked at in terms of the different groups of Indians who initially arrived in South Africa and to identify those groups who were active in trade. In addition, the orientation will be to understand the types of trade which were distinctive to each group and the factors which played a role in the growth of their businesses. The view will also be taken here that, although there were groups which did not trade, they created opportunities for the traders to grow as purchasers of essential goods and services.

The growth of Indian retailers will be examined historically in terms of the number of trading licences held and their domination and growth over time with specific reference to certain types of businesses.

This background information on small Indian retailers in South Africa, and the factors which have been known to play an important role in their growth, will be helpful in highlighting issues which help understand the growth of small Indian retailers in Pietermaritzburg.

As already indicated, this is an original study as it examines the growth of a particular group of people whom experienced a multitude of legal problems, restrictions, and disadvantages (Ginwala : 1992). Problems which had the potential of not only affecting the growth of their businesses negatively, but could have also threatened the very survival of their businesses. In this context, the problems which faced small Indian retailers will be highlighted with particular reference to the effects such problems had on growth. Although the literature does not deal explicitly with how small Indian retailers in South Africa managed these problems historically, it is possible that these problems could have been managed effectively by the interesting ways in which they operated their businesses, as noted in Bhana & Brain (1990) and Arkin (1981), which also seemed to have played an important role in their growth.

## 2. ARRIVAL OF INDIANS IN NATAL

According to Bhana & Brain (1990), there were basically three groups of Indian immigrants who arrived in Natal between 1860 and 1911. The largest of these groups were the Indentured labourers. They came mainly from Madras and Calcutta to Natal by sea. There were those with special skills referred to as special servants who received more pay than the ordinary Indentured labourer. These special servants took up a number of positions such as waiters, chefs, carriage-drivers, grooms in hotels and clubs in urban centres like Durban and Pietermaritzburg, to name but a few. Ginwala (1992) indicates that a number of Indian retailers who accompanied the increasing numbers of Indentured Indians

prospered by catering for their special needs. This implies that the increasing number of Indentured Indians provided growth opportunities for some small Indian retailers.

The second group of immigrants were those who were ex-Indentured Indians referred to as "Free Indians" who were allowed to settle anywhere in Natal or leave Natal for other parts of South Africa, or they could have even gone back to India at the Government's expense. According to Bhana & Brain (1990), because of previous experience and skills, many Free Indians went into related businesses and 'elevated' themselves economically. This implies that their skills and experience may have played an important role in their economic elevation, and hence growth.

The third group were those who were mainly from Western India and arrived at their own expense as British subjects, who were referred to as Passenger Indians. Although many were teachers and interpreters, according to Bhana & Brain (1990), the majority were traders and hawkers.

A more explicit discussion of each type of small Indian retailer follows below:

### 3. PASSENGER INDIANS

This group came independently of any official arrangement and paid their own fares to South Africa. Many were British subjects and were therefore free to move around the Empire. To this group, the prospect of trade was the most attractive, according to Arkin



(1981:42), and they entered Natal essentially to satisfy the demands of the existing population for Eastern foods by importing these products. Moreover, the presence of a large number of Indentured Indians provided the Passenger Indians with opportunities to supply the Indentured labourers with other goods from India. This suggests that many Passenger Indians came to South Africa because they identified business opportunities which stemmed from the increase in Indentured Indians.

Bhana and Brain (1990:36) note that by 1911 there were 149 791 Indians in South Africa of which 19 839 were listed as Passenger Indians in Natal. The majority of the Passenger Indians were Gujarati-speaking Hindus and Muslims. The Hindu Passenger Indians, who came mainly after 1890, engaged in petty trade in contrast to the large-scale businesses run by some originally Muslim Passenger Indians. This could mean that, historically, the real growth took place amongst Muslim owned businesses.

As this study examines the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg, it is noteworthy as reported by Rennie (1989:16), that in 1883, there was an increase in the number of Indian retailers renting valuable properties in Commercial Road between Church and Pietermaritz Streets; an area which was often called the "commercial focus of Pietermaritzburg". According to the 1895 valuation roll (wards 4 & 6), there was a dense concentration of Indians in this "commercial focus of Pietermaritzburg" which had a Mosque and 24 premises being occupied by Indian retailers.

Rennie (1989) reasoned that the establishment of a Mosque meant that the area was occupied by Passenger Indians who were predominantly Muslim. Here again, the historical evidence suggests that the Muslim owned businesses were growing faster.

#### 4. FREE INDIANS

These were the ex-indentured Indians who were free to move around the colony, set up their own businesses and purchase property. Bhana and Brain (1990:44) report that within a decade of the first arrival of Indians in South Africa, there are references to Free-Indians living in towns and setting up shops in the business areas. According to the Clayton Commission, as stated in Arkin (1981:42), although Free Indians provided useful services such as hawking, market gardening and unskilled labour, very few would re-indenture. A possible reason for this may have been that there were more growth opportunities in business than there were in working for somebody else.

Due to the rapid influx of Indentured Indians, the number of Free Indians increased rapidly. Bhana & Brain (1990) report that Free Indians were relatively well established in Durban where many operated as shopkeepers. In addition, they report that "all the market gardening and hawking of fruit and vegetables were in the hands of Indians" who "continue to elevate themselves on the social scale....more land is taken up and more shops are opened yearly". This is supported by McCrystal and Maasdorp (1967) who showed that by 1882, Indian retailers "almost monopolised" maize, tobacco, and garden produce on the Natal coast. Here again, there

is historical evidence of growth although in particular areas of business.

It is reported by Bhana & Brain (1990) that many Indian farmers used their energy and expertise to cultivate land covered in bush, thought to be unsuitable for sugar-cane farming, into productive land. Indian farmers who owned such land disposed of it at a good price to White farmers and moved further afield by acquiring cheap land, developing it, and selling it at a good profit. In addition, Naidoo & Naidoo in Palmer (1956) showed that historically Indian retailers showed initiative, perseverance, and were prepared to struggle against larger businesses. This implies that the possession of relevant skills, hard work, initiative, and perseverance may also have contributed to the growth of Indian retailers historically, which provides important insights for the purposes of this study.

The skills and ability to work hard also played an important role in the competitiveness and hence growth of Indian farmers who, in the words of Bhana and Brain (1990:49), "entirely shut out European competition." They suggest that this was so because many of the Indentured Indians were involved in farming and acquired the necessary skills and experience which made farming a natural choice when they became Free Indians. They also report that the Free Indian, together with members of his extended family, worked together for long hours to establish their crops. This suggests that, among other positive factors already mentioned, there was an emphasis on working together as a team in getting the job done

which helped to establish their agricultural business growth.

The growth in the number of Free Indians in Pietermaritzburg was reported by Rennie (1989:8) as being mainly in the area between Boshoff Street and Dorpspruit in the late 1800s when they first arrived. In Pietermaritzburg, Free Indians were very successful in market gardening and most of the work was performed by family members so costs were kept at a minimum. Rennie (1989:10) states that Free Indians in Pietermaritzburg "succeeded in winning for themselves, almost entirely, the supplying of the local market with vegetables". This implies that the competitiveness and hence growth of the small Indian retailer historically came about due to keeping their business overheads low.

Certain other developments were probably responsible for the growth of Indian trade in Pietermaritzburg as there was an increase in Free Indian-owned stores in 1800 with the arrival of the railway line in the city, as reported in Rennie (1989:10). There was also an increase in retail shop licences according to Rennie (1989:10), and the number of licences granted to Indian retailers between 1875 and 1880 had increased from one to twelve.

##### 5. TRADERS IN NATAL

As noted by Arkin (1981), 'Arab' traders, (possibly Muslim) came from Western India, and possessed sufficient resources to establish themselves in the trade of staple items imported from India. It was further reported that they had international ties with agents in India and close links with small stores in rural

areas kept by their relatives which, when combined with their knowledge of the Indian immigrant population, led to a rapid growth of their enterprises. Hence, the possession of adequate resources, and good relationships with value creating entities probably made an important contribution to the growth of small Muslim Indian retailers in Natal.

The growth of Passenger Indian retailers was the result of their being able to compete effectively on the basis of low salary/wage overheads. Arkin (1981:70) reported, that Passenger Indians were able to undercut free Indians by using relatives as assistants, who were paid 10-30 shillings a month, enabling owners to drive Free Indian firms out of the market. Table 2.1 below shows that by 1885, Passenger Indians outnumbered Free Indians, according to Arkin (1981:70), making it very difficult for the free Indian retailers to compete successfully with Passenger Indian retailers.

**Table 2.1:** The Number of Retail Stores Kept by Free and Passenger Indians in the Borough of Durban 1870-1885

Year	Free Indians	Passenger Indians
1870	2	0
1875	10	1
1880	30	7
1885	26	40

Source: Report of the Indian Immigrant's Commission, 1887,

Wragg, 75 (Adapted from Arkin 1981)

As reported by Arkin (1981), Passenger Indians were "formidable rivals" to White traders for Black trade. Factors which contributed to their competitiveness and hence growth, according to Arkin (1981), included living more simply than their white competitors and paying lower wages to their assistants. In addition, Rennie (1989:15) noted that, other possible growth factors with special reference to 'Arab' Muslim traders were that, they were prepared to keep long hours, persevere, and please customers. This particular reference to pleasing the customer has relevance to the marketing part of this study, implying that Passenger Indians used some marketing techniques which could have also played an important role in their growth.

Historically, there was a marked increase in the growth of small Indian retailers from 393 in 1895 to 1008 commercial licence holders in 1908, as noted in Arkin (1981) in the table below.

**Table 2.2. :** The Total Number of Trading Licences held by Indians in Natal, 1895-1908

<u>Year</u>	<u>Number</u>	<u>Year</u>	<u>Number</u>
1895	393	1902	1056
1896	464	1903	1109
1897	523	1904	1334
1898	520	1905	1269
1899	461	1906	1226
1900	472	1907	1216
1901	923	1908	1008

Source: Arkin (1981:72)

According to Table 2.3 below, Indians were dominant in the hawker and storekeeper groups.

**Table 2.3 :** The Number of Whites and Indians in Commerce in Natal, 1891-1904

Category	1 8 9 1		1 9 0 4	
	Whites	Indians	Whites	Indians
General Dealers	292	-		
Salesmen and Storekeepers	499	842	658	1260
Traders	26	172		
Hawkers	-	342	19	1487
Grocers and Assistants			425	75
Merchants and Assistants			283	8
Produce Dealers			111	34

Source: Census of Natal, 1891  
Census of Natal, 1904  
 Adapted from Arkin (1981)

It would appear that good marketing, with particular emphasis on service played an important role in the historical growth of those Indian retailers in market gardening and hawking. This was observed by Bhana & Brain (1990) who note that the Wragg Commission Report found that those Indian hawkers who settled in the vicinity of Durban and Pietermaritzburg succeeded in winning for themselves, almost the entire supply of the local market for vegetables. The Report further stated that "from an early hour in the morning Indian hawkers, male and female, adult and children, go busily with heavy baskets on their heads from house to house and thus citizens can now daily, at their own doors, and at low rates, purchase wholesale vegetables and fruit, which, not

many years ago, they could not, with certainty, procure even in the public markets, at exorbitant prices" McCrystal & Maasdorp (1967:1). Hence, superior service and low prices played an important role in the competitiveness and hence growth of the small Indian market gardener historically in Natal.

It was also part of Indian culture, as noted by Naidoo & Naidoo in Palmer (1956), to seize every opportunity to rise to higher standards of living. Although Indian retailers initially catered for the needs of Indentured Indians, many were quick to respond to opportunities in the Black market and a handful sold to White customers (Bhana & Brain : 1990). Palmer (1956) and Meer (1969) also showed that historically many small Indian retailers identified opportunities in rural areas with the Black market and developed into such areas by opening rural stores. Hodgetts & Kuratko (1995) note that the existence of opportunities and their exploitation thereof is important for the success and hence growth of a business. This implies that the identification and exploitation of opportunities also made important contributions to the growth of small Indian retailers historically in Natal

#### 6. SPECIFIC REASONS FOR THE GROWTH OF INDIAN TRADE

An understanding of factors that historically played an important role in the growth of Indian retailers would be useful in providing a clearer perspective on the growth factors of small Indian retailers in some of the previous Group Areas of Pietermaritzburg.



Bhana and Brain (1990) reported that the Indian retailer succeeded for a variety of reasons, as follows:

a. Experience in trade before coming to South Africa

Many Indian retailers, particularly from the Passenger Indian group, had the skills, expertise, and knowledge as a result of experience in trade before coming to South Africa. If the saying that "the biggest tuition in the world is for the school of experience" is relevant, then experience may have been a contributing factor in the growth of small Indian retailers historically in South Africa. Bird (1989) and Steiner & Solem (1988) found that, among other factors, experience was perceived to have played an important role in business success and hence growth.

b. Some had initial capital

Arkin (1981) reported that the Passenger Indians had more resources. Hodgettts & Kuratko (1995) reason that more capital offers a firm a better chance of success and hence growth. This could imply that the growth of Passenger Indian retailers, as noted by Arkin (1981), may have been due to their greater capital advantage.

c. Prepared to work long hours to trade in remote places.

This is supported by Palmer *et.al* . (1957), Meer (1969), and McCrystal & Maasdorp (1967). Research by Gasse in Scholtz (1986) found that the main cause for success and hence growth in the plastic and shoe businesses in Canada was personal factors such

as hard work. Bhana & Brain (1990) confirm that, particularly in market gardening, virtually every member of a family worked in an integrated manner for long hours and in some businesses relatives managed shops in rural and remote areas. This suggests that a greater emphasis on personal factors featured strongly in their businesses.

d. Kept overheads low.

It is reported in Bhana & Brain (1990) that Indian retailers all over South Africa were able to undersell their white competitors significantly. According to Bhowan (1980), this could have been possible because Indian retailers worked on lower profit margins and led simpler lifestyles than their White competitors.

In addition, the following factors were also found to have played an important role in the growth of the small Indian retailer in South Africa:

a. Group Areas : Ackerman, quoted in Bhowan (1980), argued that the Group Areas Act located small Indian retailers in places where they were not competing directly with the big chain stores which were absent from those areas. This meant that small Indian retailers had a better chance of survival and hence growth in their allocated Group Areas due to a lack of competition from the bigger chain stores.

b. Business Setup : Bhowan (1980) also observed that the layout of small Indian retailer, with the business on the ground floor and the house upstairs, also may have provided certain

advantages. He argues that this setup made it possible for family members to assist during peak times and in the daily conduct of the business. The orientation toward support and assistance from the family is a unique part of Indian culture, so much so that even children develop into co-operative members of a "kutum" (ie. family), according to Palmer *et.al* (1956). This has important implications for growth because Lee Iacocca (1986) believes that, without teamwork and hence support, a business would not be profitable and grow. This implies that small Indian retailers may have exhibited growth historically as a result of an effective support mechanism from the family and by being located as close as possible to the family to make family support more possible.

c. Marketing : In separate studies by Ayob (1977) and Vawda (1977) on small Indian retailers in Durban, it was found that market knowledge and human aspects (service, friendliness, courtesy), respectively, were perceived to be important, hence suggesting a marketing orientation. The emphasis on marketing by small Indian retailers historically is supported by Venter (1979), who found the Indian retailer to be "an excellent businessman" who buys and sells well, suggesting marketing and more specifically selling advantages. This finding confirms those of Hills & Narayana (1990) and Onions (1995), that marketing and the ability to sell played an important role in small business success and hence growth. This means that marketing may have played a role in the growth of the small Indian retailer in Durban.

d. Atmosphere : Bhowan (1980) believes that the unique characteristics of many Indian retailers helps to attract customers which could result in growth. These unique characteristics, which create "an atmosphere for shopping", include displaying goods on the pavement and at the entrance of the shop thus increasing visibility to customers, and stocking spices, eastern clothing, and prayer goods which are not normally stocked by White retailers.

#### 7. PROBLEMS ENCOUNTERED BY INDIAN RETAILERS IN NATAL

According to the Wragg Commission, Rennie (1989:17), 'the Pietermaritzburg Chamber of Commerce, presented a petition to the Legislative Council in 1885, requesting the imposition of a fee on every non-indentured Indian in the Colony, as well as a house tax on every dwelling occupied by an Indian.' Rennie (1989:17) adds that 'Indians were prevented from dealing in liquor and hawkers were to pay a 10 pound licence fee per annum, thus placing severe restrictions on Indian participation in economic activities.' According to the Wragg Commission (1885:74), quoted in Rennie (1989), "Indians, Arabs and Asiatics should not be allowed to live or trade in any parts of town excepting in such a quarter that may be set apart by the Corporation or Local Authorities for that purpose". A possible motivation behind these restrictions, according to Rennie (1989:17) was "to keep Indians out of properties that were well-situated for the Black and White trade, such as Commercial Road shops in Pietermaritzburg, and in this way obstruct their business".

There was a strong anti-Asian agitation in 1919 which resulted in The Asiatic Inquiry Commission investigating complaints of European witnesses against Indian retailers. Some of the complaints were stated in Palmer (1977:82) as follows:

1. "Their standard of trading and methods of business are different to those of Europeans in the following ways:
  - a) They use inferior buildings as shop premises and pay less rent for them
  - b) The owner of the business and his shop assistants usually reside on the premises
  - c) They defraud their creditors by fraudulent insolvency more frequently than Europeans
  - d) They pay lower wages to their assistants than Europeans
  - e) They evade the laws regulating the hours of trading
  - f) They habitually give short weight and adulterate foodstuffs.
  - g) They thus succeed in underselling European traders
  
2. They form 'rings' to keep out European competitors"

If the above complaints about Indian retailers were true, or even partially true, these should have created opportunities for growth in business. Barring possible unethical business practices which are not included in this study, factors such as paying lower rent, residing on the business premises, and paying lower salaries, could have created opportunities for growth by passing on cost savings to the customer in the form of lower prices, thus increasing competitiveness certainly in a price sensitive market. This would have implications for effective marketing.

According to Bhana & Brain (1990), Indian retailers opposed these accusations. One of the conclusions reached by the Commission was that Indian retailers paid their shop assistants lower wages in comparison to European traders because Indian retailers usually provided them board and lodging and sometimes with clothing as well. The Commission also took the view that although Indian retailers did undersell their European competitors, the value of Indian retailers in outer lying areas was said to be considerable. As noted in Palmer (1977:83), Indian retailers were also found to be, honest, sold at reasonable prices, and were generous in extending credit.

According to Ginwala (1992:7), restrictions on self-employed Indian South Africans covered three main areas:

1. "their freedom to trade was curtailed by licensing policies and restriction on ownership of real property"

2. "they were denied access to the direct exploitation of mineral wealth".
3. "immigration policies restricted their freedom to move in and out of South Africa and to move freely from one part to another"

Although Indians were allowed to buy land in Natal, restrictions were placed on trading opportunities and licences by municipalities. With time, the areas which Indians could occupy grew smaller with the imposition of additional governmental restrictions. In 1952, Indians were herded into ghettos with the introduction of Group Area legislation which divided all South Africans on the basis of colour and, according to Ginwala (1992:8), "the resulting checker-board is predominantly white".

However, despite the restrictions that faced Indian retailers, noted in Ginwala (1992), many small Indian retailers in some of the previous Group Areas of Pietermaritzburg appear to have exhibited growth. To re-iterate, what makes this study important is that a positive phenomenon (growth) is being studied relating to a repressive period (ie. Apartheid) for the target population's small businesses operating in the metropolitan areas of Pietermaritzburg.

## 8. SUMMARY AND CONCLUSION

Historically, there were three groups of Indians who came to South Africa. The Passenger Indians and Free-Indians were involved in business whilst the Indentured Indians worked for an employer.

Over time, the increase in the number of Indentured Indians created growth opportunities and hence many Passenger Indians, who came specifically to do business, directed products such as spices and prayer goods at the growing number of Indentured labourers who had needs for such goods.

Of all the small Indian retailer groups, the Passenger Indians were the most progressive. Many were from a predominantly Muslim background and had previous business experience and more capital. This meant that the Passenger Indians had a competitive differential advantage over other Indian retailers which probably contributed to their growth.

The Free Indian retailers, were mainly, ex-Indentured workers but opted not to re-indenture, possibly because of greater opportunities associated with opening their own business. Many of these Free Indians went into market gardening which they were familiar with in terms of work they normally did as Indentured Indians. They were able to work long hours with the support of family members and managed to compete effectively in the market through an effective door-to-door service and charged low prices which played an important role in their survival and growth.



Small Indian retailers were generally known to have grown for the following reasons:

- a. lower prices as a result of keeping overheads low through a simple lifestyle leading to a marketing advantage.
- b. offered effective service in market gardening and hawking and exhibited good customer relations and knowledge of the market suggesting marketing advantages
- c. some had initial capital which created a competitive differential advantage which has marketing implications
- d. most were prepared to work long hours and trade in remote places.

From what is already known about the history of small Indian retailer growth in South Africa, this knowledge was used to formulate hypotheses for this study. Factors known to have played an important role in the history of small Indian retailer growth can be associated with factors which Morkel in Scholtz (1986) found to be important in small business success and hence growth. These factors include:

- Personal
- Economic and Financial
- Technical
- Market and Sales
- Management
- General

In trying to associate the factors which could have played an important role historically in the growth of small Indian retailers with those in Morkel in Scholtz's (1986) study, the following observations are relevant:

a. The hard work evidenced in market gardening and experience, particularly in respect of Passenger Indian retailers, (Bhana & Brain : 1990) and honesty (Palmer:1977) fall within the category of Personal factors.

b. The superior service by market gardeners & hawkers (McCrystal & Maasdorp : 1967), lower prices from keeping overheads low (Bhowan : 1980), niche marketing in rural areas (Bhana & Brain : 1990, Meer : 1969), good market knowledge, customer relations & selling skills (Ayob : 1977, Vawda : 1977, and Venter : 1979), and unique atmospherics (Bhowan : 1980) all fall within the category Market and Sales factors.

c. The superior skills, for example in, converting unsuitable land covered in bush into productive land (Bhana & Brain) falls within the category Technical factors.

d. The keeping of low overheads, particularly with reference to the Passenger Indians, who also had greater capital resources (Arkin : 1981, and Bhowan : 1980) falls within the category of Economic and Financial factors.

e. Expanding business activities by using relatives to manage businesses in the rural areas (Bhana & Brain : 1990, Meer : 1969, Palmer et.al :1956) falls within the category of Management factors.

f. No obvious growth factors in the literature covering historical issues of Indian trade could be found under the broad heading of General factors.

From the above, it can be concluded that the growth of small Indian retailers historically may have been as a result of personal, marketing, technical, financial, and management factors. The orientation of this study will be to include these conclusions as hypotheses to test whether they play an important role in the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg.

## SELECTED REFERENCES

- Arkin, A.J. , The Contribution of Indians to the South African Economy, PhD Thesis, University of Durban Westville, 1981.
- Ayob, Y.N.M., The Place and Role of the Indians in South Africa's Economic Development, Unpublished MBA Project, University of Durban Westville, 1979
- Bhana, S. & Brain, J., Setting Down Roots - Indian Migrants in South Africa, Witwatersrand University Press, Johannesburg, 1990.
- Bhowan, K, The Indian in Retail Trade - Paper Presented to the Planning for People Conference, 1980
- Bird, B.J., Entrepreneurial Behaviour, Foresman, Chicago, 1989
- Ginwala, F., Indian South Africans - Minority Rights Group International Report, March, 1992.
- Hodgetts, R.M. & Kuratko.D.F., Effective Small Business Management, Fifth Edition, Harcourt Brace, 1995
- Iacocca, L., An Autobiography, Bantam Books, 1986, Toronto
- McCrystal, L.P., and Maasdorp, G.G., The Role of the Indian in Natal's Economy, in The Indian South African, South African Institute of Race Relations, 1967
- Meer, F., Portrait of Indian South Africans, Avon House, 1969
- Palmer, M., The History of Indians in Natal, Greenwood Press, Westport, Connecticut, 1977.
- Palmer, M et.al , The Indian as a South African - A Symposium, 1956.
- Rennie, A.J. , The Settlement Patterns and Economic Activities of Indians in Nineteenth Century Pietermaritzburg, B.A. (Hons) Thesis, University of Natal, Pietermaritzburg.
- Scholtz, C, Factors Influencing the Success of Certain Small Manufacturing Engineering Businesses, MBA Thesis, University of the Witwatersrand, Johannesburg, 1986.
- Steiner, M and Solem, O., Factors for Success in Small Manufacturing Firms, Journal of Small Business Management, January, 1988, pp.651-656.
- Vawda, E., Retail Store Image - A Study of Indian Population's Image of White and Indian Retail Clothing Stores, MBA Project, University of Durban Westville, 1977
- Venter, J., Problems Confronting Indian businessmen, Inyanda, April, 1979



## CHAPTER 3 : GROWTH FACTORS IN SMALL BUSINESS

### 1. AIM OF CHAPTER

This chapter attempts to provide a comprehensive literature review on the important growth factors in business generally and more particularly in small business. The orientation will be to relate these to the historical growth factors for Indian small retailers in South Africa.

The chapter begins by examining growth factors in small business and business generally. Here an attempt will be made to see if these factors can be associated with factors which were thought to play an important role historically in the success and growth of the small Indian retailer. The reason for seeking an association was to see if the issues Indian retailers focused on in operating their businesses historically could be termed growth factors. A discussion of growth factors in some other parts of the world follows. The intention once again was to see whether factors which are known to be growth factors in other parts of the world could be related to the ways in which small Indian retailers operated their businesses historically.

A section on business failure is also included. Here, again, the intention is to relate things to historical issues concerning the operation of small Indian retailers .

## 2. GROWTH FACTORS IN SMALL BUSINESS

Morkel in Scholtz's (1986) study found that the following factors played a role in small business success and hence growth.

Personal	45%
Market and sales	25%
Technical	20%
Economic and financial	5%
Management	2.5%
General	2.5%

The Personal reasons for growth included 'honesty', 'hard work' and 'common sense' to 'amusing oneself with what one does. Market and sales related reasons included 'diversification', 'specialisation', and 'scarce or no competition. The other categories are self-explanatory. It seems from historical evidence of Indian trade in South Africa, as noted in Palmer *et.al.* (1956) and Bhana & Brain (1990), that many of the factors that were thought to have played an important role in the growth of the Indian retailer can especially be found in the 'personal', 'market and sales', economic and financial, 'management', and 'technical' categories of Morkel in Scholtz's (1986) study. The orientation, therefore would be to examine the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg in terms of the influence of the variables highlighted in Morkel in Scholtz's (1986) study.

## 2.1. PERSONAL FACTORS FOR GROWTH

Morkel in Scholtz's (1986) study into small business success and growth in Australia found that the most common reasons given for growth and progress by businessmen were experience, knowledge of business practice and the industry, and hard work. There is evidence in the literature (Arkin : 1981) of small Passenger Indian retailers having business experience long before coming to South Africa. From the preceding reference, it is also noteworthy that the Passenger Indian retailer exhibited relatively higher growth of all Indian retailer groups presumably because of past business experience.

'Hard work' as a criteria for growth and progress comes up constantly in the literature. 'Success eventually came through hard work and drawing as little cash from the business as possible' (Morkel: 1979:12, quoted in Scholtz : 1986). Hills and Narayana (1990) also found in their study of entrepreneurial profiles in small businesses that among other factors, hard work and devotion to the business were perceived to play an important part in business growth. Similarly, Gasse in Scholtz's (1986) study, researched the plastic and shoe businesses in Canada found that the main cause of success and hence growth was due to personal factors such as hard work. In relating this to small Indian retailers in South Africa, historical information (Rennie: 1989), shows that hard work, with particular reference to small Indian market gardeners and hawkers, played an important role in their growth and progress.



That said, Hodgetts and Kuratko (1995) argue that success and hence growth in small business is often as a result of personal factors such as:

a. Initiative and responsibility

There is considerable consensus that successful small business entrepreneurs take the initiative and willingly put themselves into situations where they take responsibility for their actions (Hodgetts & Kuratko : 1995). According to Naidoo & Naidoo, as quoted in Palmer *et.al.* (1956), small Indian retailers historically showed initiative and perseverance and were prepared to struggle against larger businesses. In addition, historical evidence in Rennie (1989) shows that initiative and responsibility played an important role among other factors in the growth of small Indian market gardeners. She noted that every member of a household, including the wife, and children, took the initiative and worked together responsibly for long hours in establishing their crops 'entirely shutting out European competition' over time. This suggests that the competitiveness and hence growth of small Indian market gardeners may have come about as a result of a combination of hard work, dedication, taking the initiative, and relying on other members of the household to undertake their responsibilities effectively.

b. Tolerance and failure

Hodgetts and Kuratko (1995) reason that successful entrepreneurs are realistic about failure and are not disappointed by a setback. Despite the numerous restrictions (Ginwala : 1992) that

faced small Indian retailers in South Africa historically, evidence in Arkin (1981) indicates that they occupied a sizeable portion of small retail establishments in 1971 even though they were the smallest section of the community. This implies that small Indian retailers survived historically because they were able to tolerate and withstand the many restrictions that affected them.

#### c. High Achievement Drive

Hodgetts & Kuratko (1995) suggest that high achievement drive is important in successful and progressive entrepreneurship. High achievers, they argue, are action oriented, moderate risk takers, take personal responsibility for their actions, and like concrete feedback. There is evidence in Palmer *et.al.* (1956) of high levels of responsibility obligation, and duty exhibited even by children to the family business amongst the Indian population.

Nieuwenhuizen *et.al.* (1996) believe that the following personal qualities are important for entrepreneurial progress, success and growth:

#### a. Persistence

Nieuwenhuizen *et.al.* (1996) argue that entrepreneurs have confidence in themselves and continue despite setbacks and difficulties. Persistence is reflected in the following example. "I started out making burglar guards during weekends. I used to walk for more than three hours carrying steel mats on my

shoulder, as I didn't have transport. This never worried me as I knew that my goal was to be a prominent businessman. I had enough of working hard for someone else and earning only R81 per week. This is the real reason which motivated me to start my steelworks business. The passion for something is what paves the way for you. Everybody starts off small - you go through ups and downs, but perseverance and learning from your mistakes is what makes you big one day". (Natal Witness: 1995). Naidoo & Naidoo in Palmer *et.al.* (1956) found that even among poor Indians, there was a very strong sense of determination and persistence to rise to higher standards of living and a preparedness to struggle against the odds in order to progress. This could mean that persistence may be an important part of Indian culture which may have contributed to the growth of small Indian retailers historically, although how this could be "proved" is difficult to envisage.

#### b. Commitment to the enterprise

This involves being dedicated to the businesses. Commitment is shown in the following illustration. "As a coloured I was treated as an outsider. I hated having to queue to have my pass stamped and all the other petty restrictions. I became bitter. I was not bitter for myself, but for other South Africans in the same situation. I felt very keenly that there was a huge potential in this country and think that everyone who puts in the required effort will find opportunities opening up. People don't succeed because they are black or white, but because they're good at what they do and are prepared to

make a complete commitment". (Natal Witness : 1995). In a study into success and growth of family businesses, Murphy (1986) found that commitment and dedication were perceived to have played an important role in business growth. Relating this to small Indian retailers , historical evidence (McCrystal & Maasdorp : 1957) suggests a commitment orientation for small market gardeners where every member of the household, including the women and children, committed themselves to the business and worked long hours as a team. Hence, the monopoly that small Indian market gardeners had in 1882 as noted in McCrystal & Maasdorp (1957) may have been due to a committed team effort.

#### c. Involvement in the enterprise

Nieuwenhuizen *et.al.* (1991) argue that successful and hence growth oriented entrepreneurs get personally involved and are aware of everything happening at all levels in the business. Palmer *et.al.* (1956) found that small Indian family businesses support structures were so evident that even children developed into co-operative and involved members of the family business.

## 2.2. FINANCIAL

Financial problems pose a greater risk to small businesses due to small organisations generally lacking finance. In a study conducted by Woodruff, quoted in Hodgetts & Kuratko (1995), many small businesses were found to have failed as a result of financial problems. Some of the more common problems experienced by firms that failed were cumulative losses, lack of tax

knowledge, expansion beyond resources, and inadequate cost analysis. This implies that, in the absence of financial problems, firms have a better chance of survival, success, and hence growth. Arkin (1981), shows that the small Passenger Indian retailers, who had relatively more resources, exhibited the highest growth historically in relation to other small Indian retailers. Hence, financial advantages may have played an important role in the growth of small Passenger Indian retailers in South Africa.

McMillan (1974), quoted in Scholtz (1986), argues that, for a small firm to operate successfully and progressively, it is important that fixed costs and investments in fixed assets be kept to a minimum. Relating this to small Indian retailers, historical evidence of Indian trade in South Africa, noted in Bhana & Brain (1990) indicates that small Indian retailers generally paid lower salaries and kept their overheads low. This implies that keeping overheads low may have played an important role in the growth and survival of the small Indian retailer historically.

Among other things, Wortman (1976) regards adequate capital as being important for success and growth. Many authors including Buchelle (1979), Chaganti & Chaganti (1983), and Churchill & Lewis (1983) believe that the success and hence growth of a small firm, which is generally vulnerable to economic fluctuations, depends on its ability to manage its cash. In associating this with small Indian retailers historically, Arkin (1981) shows that

small Passenger Indian retailers in particular exhibited relatively more growth, probably due to being better resourced.

### 2.3. MANAGEMENT FACTORS

In a survey by Peterson, Kozmetsky, and Ridgeway (1983) into small business failure, it was found that a lack of management expertise and financial reasons were most cited. Weichmann (1983), also found that a lack of management capabilities were often cited as reasons for failure. This research suggests that management plays an important part in averting failure and hence brings about success and growth.

According to Hodgetts & Kuratko (1995), management involves the handling of money, machinery, people, and materials effectively. In addition, they state that management also involves planning, organising, implementing, and evaluating the past and the future. They suggest that the following management-related factors are important for small business success and hence growth:

a. A primary factor in the success and hence growth of a small business is the existence of an opportunity ie. there must be customers who would want the business's products. Hodgetts & Kuratko (1995) state that successful entrepreneurs have been known to focus on the opportunity rather than resources, structure, or strategy. For small Indian retailers, Arkin (1981) reported that historically many Passenger Indian retailers came to South Africa to satisfy the needs (opportunity) of the growing

Indian population through products such as spices and prayer goods. In addition, Meer (1969) and Palmer *et.al.* (1956) found that many Indian retailers ventured into the rural areas where the white trader was normally hesitant to go and exploited opportunities which stemmed from Black customers. This implies that historically, small Indian retailers capitalised on opportunities which could have made an important contribution to their growth.

b. Management skills include competence in planning, customer service, awareness of competition, market-orientation, quality products, accounting for all purposes, insight into expenditure profits and losses, and the ability to use income judiciously. Larson & Clute (1979) and Winchmann (1983) discuss at length the importance of management skills to the success and hence growth of a firm. Relating the importance of management skills to small Indian retailers in South Africa historically, Bhana & Brain (1990) reported that small Indian retailers were able to keep overheads low by living more simply. This suggests the presence of management skills, (probably a good accounting system), in keeping control over expenses could have played an important role historically in the growth of small Indian retailers in South Africa.

c. Effective management involves dealing with external environmental forces eg. social, cultural, economic, political, legal and other external issues. The fact that small Indian retailers in South Africa had to contend with numerous problems,

for example legal problems as noted by Rennie (1989) and Ginwala (1992), and despite these problems, exhibited growth historically (Arkin : 1981), implies that they could deal effectively with their external environments.

From the literature, it is apparent that management style plays an important role in business growth. Supporting this claim are the findings of Duchesneau and Gartner (1990) who in their study of small business success and hence growth found that a participative and flexible management style played an important role in averting failure. Steiner and Solem (1988) also found that in small manufacturing firms, a relevant management background, flexibility, and experience were perceived to be important contributors to positive performance. Relating these findings to small Indian retailers historically, evidence exists in Bhana & Brain (1990), and Arkin (1981), of participative management through integrated family efforts in market gardening and management background and experience in respect of small Passenger Indian retailers.

Cooper (1979) concluded that success and hence growth came about if a firm avoided dynamic and competitive markets and focused instead on high-need growth markets. Relating this finding with historical evidence of small Indian retailer activity in South Africa, Arkin (1981), Bhana & Brain (1990, Rennie (1989), and Bhowan (1980) indicate that, despite being part of competitive and dynamic markets, small Indian retailers nevertheless survived and exhibited growth. This could have come about historically due



to their being part of growth markets with special reference to the expanding Indian market segment and the rural Black niche market, as noted by Meer (1969) and Palmer et.al. (1956).

#### 2.4. TECHNICAL FACTORS

Hodgetts & Kuratko (1995) believe that the following technical factors play an important role in the success and growth of small businesses:

##### a. Technical competence

Technical competence is about knowing how to do the job. According to historical evidence in Bhana & Brain (1990), the Passenger Indian retailers, who exhibited relatively higher growth, had business backgrounds and management skills even before coming to South Africa. In addition, Arkin (1981) noted that small Indian farmers had the skills and knowledge to convert land covered in bush, thought to be unsuitable for sugar cane farming, into productive use. This implies that historically small Passenger Indian retailers and small Indian farmers had technical competence which could have played an important role in their growth.

##### b. Mental ability

Mental ability is the capacity to know and understand. According to Arkin (1981), Passenger Indian retailers with previous business experience and knowledge exhibited relatively higher

growth than the other Indian retailer groups. This implies that a mental ability advantage may have contributed positively to their higher level of growth.

Nieuwenhuizen *et.al.* (1996) suggests that the following technical factors play an important role in small business success and hence growth:

a. Skills:

Skills involve activities like manual work which can be learned. The importance of business skills and training is supported by Larson & Clute (1979) who in their study into business failure found that a lack of skills and training were some of the factors cited for failure. This implies that skills and training play an important role in business success and hence growth. Associating this with small Indian retailers historically, the superior business skills of the Passenger Indian retailers reported by Arkin (1981) may have been a reason for this group exhibiting the highest growth amongst all small Indian retailers. In addition, Arkin (1981) provides evidence of high levels of skill possessed by small Indian farmers. This could imply that historically the possession of appropriate skills may have played an important role in the growth of small passenger Indian retailers and small Indian farmers in South Africa.

b. Expertise

Expertise is the knowledge acquired through studying and experience. As noted in Arkin (1981), apart from many small

Indian retailers with experience in trade before coming to South Africa, many had superior knowledge than White traders of

their Indian patron's needs. This suggests an important marketing advantage arising from expertise which could have contributed to business growth of small Indian retailers historically in South Africa.

### 3. GROWTH FACTORS IN BUSINESS IN OTHER PARTS OF THE WORLD

#### 3.1. Growth Factors in Japan

According to Lee and Schwendiman (1982), the discount rate at the Japanese postal savings bank, which is the largest in the world, is low with bank loans available at a very low cost, making it easier for small businesses to raise finance. Relating this to the small business situation in South Africa, the Small Business Development Corporation (1988) reasoned that a major restriction facing small businesses in South Africa is the difficulty in raising finance. It is obvious that this financial restriction also applies to small Indian retailers too. This suggests that small Indian retailers in South Africa may not have been as advantaged as small Japanese businesses were in raising finance cost effectively.

On the other hand, small Indian retailers may have had certain financial advantages. In terms of Indian culture historically, Palmer *et.al.* (1956) found evidence of the existence of support systems whereby members of a family took responsibility for

paying the debts of a family member who could not pay and even provided financial support when required. Hence, it may have been possible that the small Passenger Indian retailers found by Arkin (1981) to have had more capital resources and exhibited relatively high growth benefited from such support systems.

### 3.2. Growth Factors in America

According to Attard (1993:492), small businesses in America have exhibited growth and success as a result of "counselling and managerial and technical assistance to minority entrepreneurs in an effort to increase their business opportunities...."

In contrast, small businesses in South Africa, including small Indian retailers, lack formal business training, managerial knowledge, and skills (Small Business Development Corporation : 1988). Hence, the growth factors which applied in America may not be applicable to small Indian retailers in South Africa, or might have resulted in more rapid growth had they been available.

### 3.3. Growth Factors in China

According to the Journal of Small business Management (1995), retailing is a relatively easy business sector to enter in China due government reducing the amount of red tape and allowing free markets to operate. This suggests, as in America, that Government support has played an important part in the growth of small businesses in China.

Because of restrictions Indian small retailers faced historically, as noted in Rennie (1989), the growth factors which applied in

China may not be applicable to small Indian retailers in South Africa where Government support was historically withheld.

#### 4. REASONS WHY BUSINESSES DO NOT GROW

Although the focus of this study is on growth factors, identifying issues which contribute to non-growth or even failure are important, from the point of view of understanding how a small business can increase its chances of growth by avoiding factors that lead to failure. Hodgetts & Kuratko (1992) have identified some specific reasons for failure and hence non-growth as follows:

##### **Incompetence**

Incompetence is when the owners do not know how to run the business thus making major mistakes. The fact that many Passenger Indian retailers had prior experience and business skills (Arkin : 1981), implies that incompetence may not have been a problem for these traders.

##### **Neglect**

Neglect has also been cited as specific reason for the failure of small businesses. McCrystal & Maasdorp (1967) showed that in market gardening and hawking the existence of high levels of involvement by virtually all members of a family indicated that neglect was not a problem for small Indian retailers.

## 5. SUMMARY

It is evident that there are numerous factors affecting the growth of organisations. The literature identifies various factors such as personal, market and sales, technical, financial and capital, management, and environmental factors which are believed to play an important role in the growth of businesses. These factors relate to historical information on small Indian trade in South Africa, as noted by Bhana & Brain (1990), Bhowan (1980), Arkin (1981), and Rennie (1989), Palmer *et.al.* (1956), Meer (1969), and McCrystal & Maasdorp (1967). From this it was found that, historically, the growth of Indian trade in South Africa was the result of many of these growth factors. In fact, according to Morkel in Scholtz's (1986) study into success and hence growth of small business in Australia, a close association was found between the key factors for growth and those which, as noted in Bhana & Brain (1990) and Arkin (1981), played an important role in the growth of small Indian retailers in South Africa. Bhana & Brain (1990) and Arkin (1981), note that small Indian retailers in South Africa exhibited growth as a result of:

- a. personal factors : such as hard work, experience, and previously acquired business skills which played an important part in giving them a competitive differential advantage, especially in market gardening, hawking, and the rural areas.
- b. market and sales : since they knew their Indian patrons better than their white counterparts and provided superior service and

lower prices, particularly in the areas of market gardening and hawking, a marketing advantage was obtained.

c. financial : in keeping overheads low through charging lower prices, by transferring cost savings to customers. It is also known that many Passenger Indian retailers had a financial resource advantage which made them more competitive than the other Indian retailer groups. Apart from a financial advantage, this also suggests that a marketing advantage from a pricing point of view was achieved.

d. technical : the ability of Indian small retailers to convert land previously thought to be not arable into productive land and thereafter sold it at a good profit.

Growth factors in small businesses were examined elsewhere in the world and, when these were related to the history of Indian trade in South Africa, few commonalities were found. It appears that, certainly in terms of governmental support, the environment made an important contribution to growth of such small business. However, in view of the problems experienced by small Indian retailers in South Africa historically, noted in Rennie (1989) and Ginwala (1992), governmental support appears not to have played an important role in their growth.

The issues of failure and non-growth in business were also examined and as noted by Hodgets & Kuratko (1995), the most important were found to be, incompetence, neglect, fraud, and

lack of experience including managerial. In relating these factors to the historical Indian small retailer situation, it can be argued that these factors were not applicable.

In conclusion, therefore, Indian retailers have historically exhibited characteristics in the way they conducted their businesses which complement factors that have been identified as growth factors in the literature. This finding was used to develop hypotheses for studying the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg.



### SELECTED REFERENCES

- Arkin, A.J. , The Contribution of Indians to the South African Economy, PhD Thesis, University of Durban Westville, 1981.
- Attard, J., The Home Office and Small Business Answer Book, 1993, New York, Henry Holt.
- Bhana, S. & Brain, J., Setting Down Roots - Indian Migrants in South Africa, Witwatersrand University Press, Johannesburg, 1990.
- Chaganti, R. and Chaganti, R., A profile of profitable and not so profitable small businesses, Journal of Small Business Management, July, 1983.
- Churchill, N.C. & Lewis, V.L., The Five Stages of Small Business Growth, Harvard Business Review, May-June, 1983, pp.30-40
- Cooper, A.C., Strategic Management: New Ventures and Small Business, Long Range Planning, Vol.14, No.4, 1981, 39-45
- Evaluating Small Business in China's Retail Sector : An Empirical Analysis, Journal of Small Business Management, 1995, Vol. 33, No. 1, Jan., pp. 87-92
- Gartner, W.B., High Growth Entrepreneurial Ventures : A Content Analysis to Identify Common Strategic Factors, Babson Entrepreneurship Research Conference, Babson College, Wellesley, 1989
- Garcia-Bouza, J., Technical Entrepreneurship in Northern Italy, Milano Italy, 1974
- Hatten, T.S., Small Business: Entrepreneurship and Beyond, Prentice Hall, 1997.
- Hills, G.E. & Narayana, C., Profile Characteristics, Success Factors and Marketing in Highly Successful Firms, Frontiers of Entrepreneurship Research, Wellesley, Mass Babson College, 1990, pp. 69-80
- Hodgetts, R.M., & Kuratko, D.F., Effective Small Business Management, Fifth Edition., 1995, Harcourt Brace MacMillan, , I.C., The Concept of Strategy for the Small Businessman, Bedryfsleiding, May, 1974, pp.1-4
- Larson, C.M. and Clute, R.C., The Failure Syndrome, American Journal of Small Business, Vol. 4, October, 1979, pp.35-43
- McCrystal, L.P., and Maasdorp, G.G., The Role of the Indian in Natal's Economy, in The Indian South African, South African Institute of Race Relations, 1967
- Meer, F., Portrait of Indian South Africans, Avon House, 1969

Murphy, C., Flags Unlimited: The Unfurling of a Family Business, Canadian Business, 1986

Natal Witness, 1995

Nieuwenhuizen, C., et.al. Entrepreneurship and How to Establish your Own Business, 1996, Juta & Co.

Palmer, M et.al, The Indian as a South African - A Symposium, 1956.

Peters, T.J. & Waterman, R.W., In Search of Excellence, Harper & Row, 1982

Peterson, R.A., Kozmetsky, G., and Ridgeway, N.M., Perceived Causes of Small Business Failures: A Research Note, American Journal of Small Business, Vol.8, Summer, 1983, pp.15-19.

Rennie, A.J. , The Settlement Patterns and Economic Activities of Indians in Nineteenth Century Pietermaritzburg, B.A. (Hons) Thesis, University of Natal, Pietermaritzburg.

Small Business and the South African Economy, Small Business Development Corporation Information Booklet, 1988

Steiner, M and Solem, O., Factors for Success in Small Manufacturing Firms, Journal of Small Business Management, January, 1988, pp.651-656.

Walker, l., In Search of Success, Entrepreneur, January, 1988, p.5

Winchmann, H., Accounting and Marketing - Key Small Business Problems, American Journal of Small Business, Vol 7, Spring, 1983, 19-26

Wortman, L.A. , Successful Small Business Management, First Edition, Amcom- Adivision of the American Association, New York, 1976

## CHAPTER 4

### THE ROLE OF MARKETING IN SMALL BUSINESS GROWTH

#### 1. AIM OF CHAPTER

The aim of this chapter is to show the important role that marketing has been known to play, theoretically and empirically, in the growth of small businesses.

The applicability of marketing to small businesses was examined in terms of the advantages small businesses generally have in adopting marketing thinking, as well as inherent limitations which small businesses may have in undertaking marketing activity.

The orientation was to look at the history of small Indian trade in South Africa and examine whether marketing thinking continues to exist. If it does exist, to see if it can be associated with factors that have been identified as being important in the effective marketing and growth of a small business.

Empirical findings from other similar studies were discussed with the intention of understanding specific marketing related factors that have played an important role in business growth. An attempt will be made to relate these findings to the marketing activity of small Indian retailers historically, in order to ascertain whether such specific marketing factors have also played a role in their growth.

The overall intention was to understand how important a role marketing can play in small business growth, and has played in the growth of small Indian retailers historically.

## 2. MARKETING DEFINED

Longenecker, Moore & Petty (1994:190) in (Machado 1996:2) define small business marketing as follows:

"small business marketing consists of those business activities that relate directly to identifying target markets, determining the potential of the target market, and preparing, communicating and delivering some bundle of satisfaction to the target markets."

This definition suggests that marketing includes finding out about who the customers are and making sure that they are effectively satisfied.

Another similar view about marketing is expressed by Brown (1985 : 3) who views marketing as "not merely a set of techniques to help us sell more; rather it is a complete approach to running a business through focusing all of the company's actions onto the customer... to make profits by meeting the requirements of customers."

From the preceding definitions of marketing, there is evidence, as noted in Arkin (1981), Bhowan (1980), Bhana & Brain (1990), Ayob (1977), Vawda (1977) and Venter (1979), that Indian

retailers in South Africa have used marketing practices to satisfy their customers. This is particularly evident with Passenger Indian retailers who had better knowledge than their white business counterparts of their Indian patron's needs, more particularly in the marketing of prayer goods, oriental spices, and oriental clothing. This group evidently exhibited high growth (Arkin : 1981), possibly implying a positive contribution from marketing.

In addition, Indian retailers in South Africa, particularly in the areas of market gardening and hawking, were found to have provided a more efficient door-to-door service than their white business counterparts (Bhana & Brain : 1990), indicating positive marketing practices through efficient service.

### 3. THE MARKETING CONCEPT

According to the marketing concept, an organisation should try to satisfy the needs of its customers through a coordinated set of activities which at the same time will allow the organisation to achieve its goals. Customer satisfaction at a profit is the main aim of the marketing concept. An important benefit of the marketing concept as stated by Bekker and Staude (1996:251) is that "the surest way to make a great deal of money is to find out what people need and want, and then sell it to them at a profit." Brown (1985) states that in order to maximise the value of the total offer to customers and hence make a profit, marketing first has to understand their needs and coordinate all the firm's resources to satisfy the identified needs. Once

customer needs are met, then selling becomes an easier task. Associating this with the history of small Indian retailer in South Africa, the literature indicates that Indian retailers were oriented towards their customers, by providing a better service (Ayob : 1977 and Vawda : 1977), charged lower prices by keeping overheads low and living more simply (Bhana & Brain : 1990 and Bhowan : 1980); and they also worked together in an integrative fashion with family members to satisfy their customers needs (McCrystal & Maasdorp). This probably means that historically small Indian retailers undertook activities in order to satisfy their customer's needs and hence appear to have practiced the marketing concept.

#### 4. MARKETING ADVANTAGES OF SMALL BUSINESSES

According to Carson *et.al* (1995), small businesses have many marketing advantages over big businesses. They summarise these advantages as follows:

##### a. Closer to Market

Brown (1985) noted that being closer to their customers and therefore having a better chance of being better acquainted with customer requirements, is an important advantage that small businesses have over big businesses. As a consequence of this closeness, an owner/manager of a small business would often know customers personally and the resultant interactions of such relationships could lead to benefits, including customer loyalty and higher levels of customer satisfaction. Based on this understanding, those Indian retailers who were affected by the

Group Areas act, as noted in Ginwala (1992), and who were hence positioned closer to the Indian market segment, would, if they targeted Indian customers, have been placed in more advantageous positions for more effective marketing. In addition, as noted in Arkin (1989), the fact that small Indian retailers ventured closer to the rural market resulted in many growth opportunities stemming from the Black market.

#### b. Flexibility

The Small Business Development Corporation (1988) reasoned that small businesses are more flexible in responding to customer inquiries which may imply speed of response to customer inquiries. As noted in Meer (1969) and Palmer et. al. (1956), small Indian retailers in South Africa have also been flexible enough to adapt effectively, for example, in the rural market.

#### c. Speed of Response

It is argued by Carson et.al (1995) that due to the closeness of small businesses to the market, they can react more quickly to market changes; and due to smallness and fewer hierarchial levels, they are less cumbersome and less hidebound. In large businesses, on the other hand, the lead time between opportunity identification and doing something about it can be too long. As a result, any change in the marketing direction is more easily attained by small businesses. This implies that speed of response could help small businesses (including small Indian retailers) to exploit opportunities more quickly which could hence contribute to their growth.

#### d. Opportunity-focused

Carson *et.al.* (1995) contends that the closeness of small businesses to their markets feeds the propensity to seek out and exploit opportunities. They argue that allied to this opportunity focus is the ability of small businesses to concentrate on lucrative market niches, which are usually insignificant to large businesses but substantial to small businesses. The exploitation of niche marketing opportunities in respect of Indian retailers in South Africa is particularly evident in market gardening, hawking, spices, and prayer goods, as noted in Bhana & Brain (1990), McCrystal & Maasdorp (1967) and Naidoo & Naidoo in Palmer *et.al.* (1956).

#### e. Easy access to market information

The closeness of small businesses to their markets presupposes shorter lines of communication. In addition, the entrepreneur usually gathers information on an informal, face-to-face basis, resulting in inexpensive market information which is used in making marketing decisions. In contrast, large firms, which do not exhibit this informality, are quite often forced to rely on commissioned market reports as a source of marketing information. Easy access to cost effective market information therefore results in cost saving advantages and quicker marketing decisions for small businesses (including small Indian retailers) which can be important for growth and survival.

From the above discussion, it would seem that small businesses generally (including small Indian retailers), have a number of



inherent marketing advantages which could play an important role in their growth.

5. THE POSITIVE EFFECTS OF SOME ENTREPRENEURIAL CHARACTERISTICS ON MARKETING

Carson *et.al* (1995) argue that because many small businesses are owner-managed, their marketing activities must therefore be shaped and influenced to a large extent by the leading entrepreneur. They add that many of the entrepreneurial characteristics possessed by the small business owner/manager will impact on and help to shape marketing in their small businesses. The entrepreneurial characteristics which many small business owners/managers may possess, and which could have a positive impact on marketing activity, are discussed below:

a. The fact that entrepreneurs are constantly looking for new opportunities to exploit (Hodgetts & Kauratko : 1995), and are change-focused, results in them engaging in proactive marketing activity which leads to considerable movement in the enterprise's growth direction (Carson *et. al.* : 1995). In associating this with small Indian retailers, presumably proactive marketing did exist historically, in the proficient door-to-door service offered by market gardeners (McCrystal & Maasdorp : 1967), and the venturing of certain Indian retailers into rural markets by opening country stores (Meer : 1969 and Palmer *et.al.* : 1956) where it seemed white traders did not want to go.

b. Hodgetts & Kuratko (1995) argue that entrepreneurs take calculated risks. The degree of risk, according to Carson *et.al* (1995), should influence the kind of marketing undertaken. They suggest, that under low risk conditions, marketing activity will not be exploited fully, resulting in inefficient and ineffectual marketing confined mainly to personal selling. On the other hand, they suggest, when the risk is higher, marketing activity will be expansive including such activities as advertising, exhibitions, over delivery, and the like. Evidence from Bhana & Brain (1990), suggests that, historically, Indian retailers used expansive marketing activity compared to their white business counterparts, for example, through higher service and delivery levels, and competitive prices in farming, which could be indicative of a higher risk situation that faced small Indian retailers historically.

c. Many small business owners/managers are generalists and have limited expertise (Brown : 1985). Carson *et.al* (1995) suggests that these limitations often apply to marketing too, resulting in entrepreneurs 'dabbling' in all areas of marketing activity. They further assert that due to entrepreneurs sometimes being charismatic individuals, their presence can inspire the total organisation and create a positive marketing aspect for the business. This seems to imply that personal and entrepreneurial factors could positively influence marketing which could result in business growth.

## 6. MARKETING APPLICATIONS TO AND LIMITATIONS IN SMALL BUSINESSES

Carson et. al. (1995) argue that, due to marketing being customer-focused, opportunity-focused, and forward-looking, it is inextricably linked with company growth and survival and because all firms must grow to survive, it should follow that all firms therefore view marketing as important. However, despite the importance of marketing, small firm marketing has certain limitations and unique characteristics. Some of these, according to Carson et.al. (1995), are as follows:

### a. Restrictions in Scope and Activity

Due to resource constraints, small firm marketing is restricted in scope and intensity. This implies that they may not have the resources to implement large, expensive strategies and plans. Due to the lack of resources, Smith (1985) suggests that small firms have to undertake marketing on a strictly limited budget and on a 'do-it-yourself' basis, thus making many large-firm oriented marketing theories and practices inapplicable.

### b. Simple and Haphazard

Due to limited resources, marketing activity is often simple, haphazard, responsive, and reactive to competitor activities.

### c. Product and Price Oriented

Those firms in their early stages of development in particular are inherently product oriented. Similarly, small firm marketing is oriented around price which may result from perceived vulnerability to price in relation to large competitors.

#### d. Informality in Structure, Evolution, and Implementation

Small firms exhibit little or no adherence to formal structures and frameworks; instead, marketing is practised according to capabilities and the situation.

#### e. Limited Specialist Expertise and Small Market Impact

Due to managers and owners being generalists, there is a lack of specialist expertise. Even the general lack of finance could hinder the abilities of the small business to hire marketing specialists. In addition, due to smallness in terms of customer base, employees, and orders, small firms generally have a small impact on the market than large firms.

The above constraints could therefore have a significant impact on the manner in which marketing is conducted in small businesses. Carson *et.al* . (1995) assert that despite small businesses not being able to perform marketing at sophisticated levels, there is a need, probably even a greater need for small businesses, to perform marketing of some kind. They argue that in order for small businesses to grow, they need to generate new sales which come from existing and new markets, and hence to generate new sales, some form of marketing activity must be used.

The use of formal marketing planning as a contributor to small business growth is acknowledged by Carson *et.al*. (1995). Similarly, Hooley & Lynch (1985), in their research into British companies, found that the more successful, and hence higher growth firms, had superior planning systems. However, Carson

*et.al* (1995) argue that small businesses will not be receptive towards formal marketing planning and hence marketing under the following conditions:

a. If the business is growing, despite lack of formal marketing planning, leading to the argument of why should one plan for marketing if the business is already exhibiting growth without it? Under such circumstances marketing's credibility is negatively affected leading to what is called the credibility gap. However, it is argued by advocates of marketing as quoted in Carson *et.al* (1995), that through formal engagement in marketing planning, small businesses will be able to perform better than they otherwise would.

b. When there is no crisis situation or no need for growth, small businesses may not be receptive to formal marketing planning. On the other hand, when there is a need for growth, or if there is a crisis where the survival and growth of the business is threatened, the entrepreneur will become receptive to marketing.

In the case of small Indian retailers in South Africa, given that they were disadvantaged by Apartheid (Ginwala : 1992, Bhana & Brain :1990), which could be viewed as a type of crisis situation, they had to perform better in order to survive which would imply a greater receptivity to marketing on their part.

## 7. WHY MARKETING IS IMPORTANT IN SMALL BUSINESS GROWTH

According to Brown (1985), effective marketing is essential to the success and hence growth of any enterprise, but it is frequently the weakest area of management in small firms, and yet offers the greatest potential for profitability and growth. The importance of marketing in the progress of a small business and hence in its growth is also supported by Smith (1984), who found that the most common reasons cited for small business failure were inadequate sales and competitive weaknesses, which are marketing related and would not have occurred if marketing was effectively used. This implies that marketing plays an important role in averting failure and hence bringing about success and growth.

The importance of marketing in small business is also acknowledged by Carson *et.al.* (1995), who found in their research that venture capitalists often see marketing as a most highly rated component in new enterprises. In fact, they rate marketing as playing a more important role in small business than in large businesses with the potential of making an important contribution to survival, growth and profitability. Certainly for younger businesses, where the risk of failure is as high as 90% in the first 3 years (Vesper : 1990), Carson *et.al* (1995) believe that marketing will play an even more substantial role in growth and survival.

Marketing has been known to make a positive contribution to various important areas of business. These include:

### 7.1. Profit Generation

When money is exchanged for goods, the receiver of the money, or the business, makes a profit if the turnover is greater than the cost of the goods sold. In order to make a profit, an organisation needs customers. In terms of the marketing concept, the customer is an essential focus of marketing and hence marketing plays a role in profit generation through customer satisfaction. It is evident from Bhana & Brain (1990) and Bhowan (1980), that Indian retailers were successful, and were profitable by keeping their overheads low and passing cost savings on to the customer in the form of lower prices, whilst satisfying customer needs by offering compatible products and high quality service.

At the same time, a portion of profits had to be retained in the business, however, to fund further expansion.

### 7.2. Competitive Advantage

Scarborough and Zimmer quoted in Machado (1996:8), assert that "a company has a competitive edge when customers can see that its products or services are superior to those of its competitors." Evidence from the literature suggests that historically small Indian retailers in South Africa had competitive advantages stemming from marketing related areas such as niche markets in the rural areas (Meer : 1969 and Palmer : 1956), superior service (McCrystal & Maasdorp, Ayob : 1977, and

Vawda : 1977), and lower prices through keeping overheads low (Bhowan :1980).

### 7.3. Creating Utilities

Utility is defined by Stanton et. al.(1991:16) "as the attribute in an item that makes it capable of satisfying human wants." Marketing has also been known to play an important role in the creation of the following utilities:

a) Place utility by making a product readily accessible to the customer. The literature suggests (Bhana & Brain : 1990) that Indian farmers, for example, created place utility in terms of the door-to-door service they provided by making their produce available to customers at their homes.

b) Possession utility, which results when the customer buys and ownership is transferred. Lower prices charged by small Indian retailers, as noted in Bhana & Brain (1990), could have facilitated possession utility by increasing demand at these lower prices.

## 8. EMPIRICAL EVIDENCE ON THE CONTRIBUTION OF MARKETING TO SUCCESS AND GROWTH

There is empirical evidence on the positive impact of effective marketing on business growth. As an example, Clifford and Cavanagh (1985) found that on both strategic and tactical levels customer needs guide company operations. This implies that marketing orientation plays an important role in company



performance. Evidence from the literature shows that Indian retailers in South Africa were marketing oriented by having detailed knowledge of their Indian patron's needs (Ayob : 1977), offering effective service (Vawda : 1977), and underselling their white competitors by keeping their overheads low (Bhowan : 1980). This implies that marketing factors could have played an important part in the growth Indian retailers in South Africa. Luk (1996) also found, in a study into success and hence growth factors of small businesses in Hong Kong, that marketing factors contributed much more to success and hence growth than other factors.

Baker and Abou Zeid (1982) found three categories of marketing factors responsible for growth. These factors were identified as:

1. Attitudinal
2. Strategic
3. Tactical.

#### 8.1. Attitudinal Factors

There is a wide belief that marketing thinking should permeate throughout the entire company for marketing to work. Evidence from the studies into small Indian retailers in Durban conducted by Ayob (1977) and Vawda (1977) showed the existence of positive marketing attitudes in terms of emphasis on customer relationships, customer knowledge, and the 'human aspects' which

includes friendliness, courtesy, helpfulness, and overall service.

## 8.2. Strategic Factors

Baker & Hart (1985) argue that success and hence growth in marketing is associated with a strategic commitment to the principles of the marketing concept. As noted in Arkin (1981), Indian retailers in South Africa historically employed the marketing concept, which was reflected in their endeavours to understand their customer's needs, and coordinate efforts of family members in market gardening to provide a better service, which indicates a strong strategic commitment towards the principles of the marketing concept.

The two main areas of concern associating marketing with successful performance, according to Baker & Hart (1985), are as follows:

- a. Company Mission
- b. Strategic marketing plans and objectives

### a. Company Mission

McKinsey quoted in Baker & Hart (1989) studied the characteristics of medium-sized growth companies in the United States and found that the progressive firms have a strong sense of mission ie. they have a clear vision of the distinctive role

of the company.

#### b. Strategic Marketing Plans and Objectives

Saunders and Wong's (1985) research on British companies, found that those which were more successful, and hence exhibited more growth, had more aggressive goals and were more oriented towards long term plans. Hooley & Lynch (1985) similarly found in their study of 1,504 British companies, that the more progressive and successful ones, and hence those that exhibited more growth, had a higher strategic sensitivity with emphasis on superior planning. This finding confirms Carson et.al's (1995) argument that formal marketing planning can increase small business performance. All of which suggests that formal marketing planning may also play an important role in the growth of a small business (including Indian small retailers).

### 8.3. Tactical Marketing Factors

Tactics are about taking decisions on a number of variables to influence the exchange of goods or services between supplier and buyer, Baker and Hart (1985:81). Typically, marketers use a number of tools that can be useful in bringing about growth, as follows:

#### a. Market Research

Market research has been known to play a vital role in assisting managers in making informed marketing decisions and hence increasing the chances for success and growth. Hooley & Lynch

(1985) reported that successful and hence progressive companies made much greater use of all types of market research than did less progressive and successful ones. This confirms Carson's *et.al* (1995) suggestion that the shorter lines of communication between the small business and the market, result in effective market research through informal, face-to-face and rapid information collection. There is evidence in Arkin (1981) of Indian retailers 'knowing the needs' of their Indian patrons, which suggest a basic market research orientation.

b. Product Policy

A number of writers have stated that, ultimately, company success is dependent upon its product policy (Baker 1985, Majaro 1977 and Borden 1963). Schoeffler, Buzzell and Heany (1974), also rate product or service quality high on the list of factors influencing company profit performance. Hills and Narayana (1990) in their study into highly successful small businesses, found that high quality products and superior service played an important role in success and growth. Similarly, Luk's (1996) research into small business success and hence growth in Hong Kong found that unique product features and customer service were rated as important to success and growth.

As noted in Bhana & Brain (1990), the comparatively high service orientation of small Indian farmers coupled with competitive pricing was indicative of a good product and pricing policy and, hence, effective marketing practice, which may have played an important role in their growth.

c. Price

Gaskill *et.al.* (1993), in analysing small business failure in the United States, found that an inadequate knowledge of pricing strategies was ranked as the most important reason for failure. This also implies that price plays an important role in success and growth of small businesses.

In analysing the effect of price on business performance and growth, Baker and Hart (1989) suggest that price is important when the quality of the rest of the package is comparable to that of competition; otherwise a cost benefit trade-off had to be undertaken. In respect to small Indian retailers in South Africa, noted in Bhana & Brain (1990), although lower prices appear to have played an important role in their growth, which resulted from low overheads, there were other factors such as service, and compatible products which have also been known to have created a positive impact. Hence, price may not have been the only factor that contributed to the to the growth of small Indian retailers in South Africa historically.

d. Promotion

Carson *et.al.* (1995) argue that communication competencies with regards to promoting the product play an important role in enhancing marketing performance and hence the growth of the firm. Pickering (1976), also argues that promotion and, more specifically, advertising can increase brand loyalty, thereby decreasing price elasticity through increased differentiation in the augmented product.

In a study by Radder (1996) into the marketing practices of fashion retailers in South Africa, promotion, including selling techniques and advertising, was perceived to have the strongest impact on success and hence growth.

Onions (1995), in a study into small business success and hence growth, found that nine out of ten successful businesses had good selling abilities. Venter (1979), in a study into small Indian retailers in South Africa, concluded that they sell well. This implies that, historically, good selling ability probably played an important role in the growth of small Indian retailers in South Africa.

## 9. SUMMARY

This section sets out to show the important role that marketing plays in small business growth.

According to Carson *et.al* (1995), small businesses possess many advantages in being able to use marketing effectively to bring about growth. The flexibility of small businesses to deal quickly with change, by being closer to customers and hence understanding them better, and the easy and relatively cost-effective access to market information, results in more effective marketing and an improved chance of growth.

On the other hand, Carson *et.al.* (1995) argue that, because small businesses are usually under-resourced, this restricts their scope of marketing activity, makes the business more reactive as

opposed to being proactive, results in a myopic focus only on price and the product, and limits access and use of marketing specialists. The literature indicates (Carson *et.al.*: 1995) that the level of risk influences the use of marketing by a small business. When risk was perceived to be high, as was the case with small Indian retailers in South Africa historically, (Ginwala : 1992), more emphasis was normally placed on marketing which assumes a more expansive role.

Marketing plays a critical role in bringing about growth through satisfying the customer at a profit. An organisation without customers will not be profitable and hence will not be successful. The literature (Bhana & Brain :1990, Ayob : 1977, and Vawda : 1977) shows historically that, small Indian retailers were known to have had good customer knowledge, and offered effective service which implies that they were marketing oriented.

Brown (1985) suggests that a small business had a better chance of success and hence growth if members co-ordinated their efforts together in trying to accommodate customers. This seems to be the underlying principle of the marketing concept. Relating this to small Indian retailers, it is clear from Bhana & Brain (1990) that, effective co-ordination and teamwork existed in the history of Indian trade in South Africa.

Evidence also exists (Clifford & Cavanagh : 1985, McBurnie & Clutterbuck : 1988) that effective marketing is important to the

success and hence growth of a business. Referring to the findings of empirical evidence, supporting the importance of marketing in the history of Indian trade in South Africa, it can be argued that an association exists between factors, certainly in the areas of service, price, and knowledge of customer's needs. This implies that, historically, small Indian retailers in South Africa probably achieved growth as a result of an important contribution from marketing.



## SELECTED REFERENCES

- Ayob, Y.N.M., The Place and Role of the Indians in South Africa's Economic Development, Unpublished MBA Project, University of Durban Westville, 1979
- Baker, M.J. & Abou-Zeid, E.D., Successful Exporting, Westburn, 1982
- Baker M.J. & Hart, S.J., Marketing and Competitive Success, 1989, Philip Allan, New York
- Bekker, F and Staude, G., Starting and Managing a Small Business, 1988, Juta & Co. South Africa
- Bhowan, K, The Indian in Retail Trade - Paper Presented to the Planning for People Conference, 1980
- Bhana, S. & Brain, J., Setting Down Roots - Indian Migrants in South Africa, Witwatersrand University Press, Johannesburg, 1990.
- Borden, N.H., The Growing problem of product line planning, in C.J. Dirksen, A. Kroger and L.C. Lockley (eds), Readings in Marketing, R.D. Irwin, 1963
- Brown, R., Marketing for the Small Firm, 1985, Holt, Rinehart and Winston, London
- Carson, D. *et.al.*, Marketing and Entrepreneurship in SMEs, 1985, Prentice Hall, London
- Clifford, D.K., and Cavanagh. R.E., The Winning Performance: How America's High-Growth Mid-sized Companies Succeed, Sidgwick and Jackson, 1985.
- Gaskill, L.R, Van Auken, H.E., Manning, R.A., A Factor Analytic Study of the Perceived Causes of Small Business Failure, Journal of Small Business Management, Vol. 34, No. 4, Oct 1993, pp.18-31
- Hodgetts, R.M. & Kuratko.D.F., Effective Small Business Management, Fifth Edition, Harcourt Brace, 1995
- Hooley, G.J., and Lynch, J., Marketing lessons from UK's high-flying companies, Journal of Marketing Management, Vol.1., No.1, Summer, 1985
- Longenecker, J.G. & Moore, C.W. & Petty, J.W., Small Business Management : An Entrepreneurial Emphasis, 9th Edition, South Western, Cincinnati, 1994.
- Luk, S.T.K., Success in Hong Kong, Journal of Small Business Management, Vol.34., No. 3., July 1996, pp.68-74

- Machado, R., Marketing for a Small Business, 1996, Juta & Co.
- Majaro, S., International Marketing: A Strategic Approach to World Markets, George Allen & Unwin, 1977.
- Majaro, S., International Marketing : A Strategic Approach to World Markets, George Allen & Unwin, 1977
- McBurnie, A. & Clutterbuck, D., The Marketing Edge, Penguin Business Books, 1988.
- McCrystal, L.P., and Maasdorp, G.G., The Role of the Indian in Natal's Economy, in The Indian South African, South African Institute of Race Relations, 1967
- Meer, F., Portrait of Indian South Africans, Avon House, 1969
- Meyer, N., Staff Attitudes Key to Success in Small Business, IPB Joernaal, September 1988, pp.8-12
- Palmer, M et.al, The Indian as a South African - A Symposium, 1956.
- Pickering, J.F., Industrial Structure and Market Conduct, Robertson & Company, 1976, as stated in Baker, M.J., & Hart, S.J., 1989.
- Radder, L., The Marketing Practices of Independent Fashion Retailers., Journal of Small Business Management, Vol. 34 No. 1, Jan 1996, pp.78-842
- Saunders, J. & Wong, V., In Search of Excellence in the UK, Journal of Marketing Management, Vol.1, No.2, Winter, 1985
- Schoeffler, S., Buzzell, R.D., and Heany, D.F., Impact of strategic planning on profit performance, Harvard Business Review, March/April, 1974, pp.137-145
- Small Business and the South African Economy, Small Business Development Corporation Information Booklet, 1988
- Smith, B.R., Successful Marketing for the Small Business, 1984, Lewis Publishing Company, Lexington
- Stanton, W.J. et.al., Fundamentals of Marketing, 9th Edition, McGraw-Hill, New York, 1991 & 1993
- Vawda, E., Retail Store Image - A Study of Indian Population's Image of White and Indian Retail Clothing Stores, MBA Project, University of Durban Westville, 1977
- Venter, J., Problems Confronting Indian Businessmen, Inyanda, April, 1979
- Vesper, K., New Venture Strategies, Prentice Hall, Englewood

Cliffs, New Jersey, 1990

## CHAPTER 5 : RESEARCH METHODOLOGY

### 1. AIM OF THE CHAPTER

This chapter aims at discussing the methods to be used in conducting the proposed research. The chapter opens with a broad research context and its major characteristics which helped guide the selection of the research design. The research design discusses the sampling method used, how the sample was selected, and the survey technique. Methods for analysing the data are also discussed.

### 2. RESEARCH CONTEXT

This study investigated the key factors which have been responsible for the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg. A number of factors which influence this growth construct are investigated.

Factors that have been generally known to play a role, according to the literature and empirical evidence in the business growth of small businesses in particular, will form important components of a framework within which the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg will be studied. In addition, factors which are known from the literature to have played an important role historically in the growth of small Indian retailers in South Africa will also form an important component of this framework within which the problem will be studied.

More particularly, the growth of small Indian retailers in the previous Group Areas of Pietermaritzburg will be examined in terms of whether marketing has played an important role in their growth. Marketing therefore forms an important component of the framework within which the growth of small Indian retailers situated in the previous group areas of Pietermaritzburg will be studied.

Within this broad framework, the research design will be derived for casting the following hypotheses:

### 3. RESEARCH HYPOTHESES

This study investigates the key growth factors of small Indian businesses situated in some of the previous Group Areas of Pietermaritzburg and identifies factors in the literature related to the construct growth. These identified factors are summarized in the figure below:

#### STUDY FACTORS

Morkel in Scholtz (1986), and other	Personal Factors
literature on small business success/growth	Market and sales Technical Economic & financial Management General
Growth	
Historical factors Bhana & Brain (1990), Arkin (1981), and others	Prior Experience in trade Adequate capital Hard Work Adaptable Low overheads Niche marketing Superior service Low price Skills

Using the above model, the general form of the study can be represented as:

Growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg = {Factors identified in the literature as being important to the growth of small businesses generally and those factors which were specifically identified as success and growth contributors for small Indian retailers in South Africa historically}

In line with this formulation, the following hypotheses are investigated.

#### Hypotheses

The hypotheses speculate whether the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg can be associated with factors that have been known from the literature to have played an important role in small business growth and the growth of small Indian retailers historically.

The formal hypotheses concerning the dependent variable can be stated as follows:

The growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg has been/is dependent on:

Hypothesis 1 (H1) - Personal Factors

Hypothesis 2 (H2) - Financial Factors

Hypothesis 3 (H3) - Marketing Factors

Hypothesis 4 (H4) - Management Factors

Hypothesis 5 (H5) - Technical Factors

Hypothesis 6 (H6) - General Factors

#### 4. RESEARCH DESIGN

The research design provides a general framework for specifying the type of information to be collected, plus the sources of the data, and the data collection procedures (Kinnear and Taylor, 1996).

Bbenkele (1986) argues that good research design can result in more accurate information which will be consistent with the objectives of the research and obtained using economical procedures.

There are three types of research: exploratory, descriptive and causal research. Given the objectives of the study, to investigate the key growth factors for small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg

:the role of marketing, this type of research may be considered a part of both exploratory and descriptive research.

Exploratory research according to Malhotra (1993:93), "is meaningful in any situation where the researcher does not have enough understanding to proceed with the research project". For this study, exploratory research was done through extensively examining available literature on small business growth and the history of small Indian trade in South Africa. This was helpful in providing a better understanding of the problem and the generation of objectives and hypotheses; and hence led to a more positive approach towards the study.

"Descriptive research deals with questions of what things are like not why they are that way" deVaus (1986:24). This is consistent with the aim of this study which seeks to describe and evaluate the key factors of importance in the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg. Moreover, the emphasis in this study is on trying to ascertain if there is a relationship between such factors and growth. This is in agreement with Churchill's argument that a descriptive study is concerned with determining a relationship between two variables.

It is important to note that "descriptive research assumes only predictive capabilities and is therefore not adequate in establishing causality. However, it is not always necessary to understand causality in order to make accurate predictive



statements" (Bbenkele : 1986). Causal research seeks to establish a cause and effect relationship. However, this study is limited to investigating contributory and not causal factors for growth as "causal designs are too complex" (Bbenkele : 1986) and therefore not possible given the time and budget allocated to this study.

Descriptive research can be conducted using either cross-sectional or longitudinal research designs. The cross-sectional designs involve collecting information from any given sample of the population only once whilst in longitudinal research designs a fixed sample (or samples) of population elements is measured repeatedly. A longitudinal design was not considered to be appropriate in this study as information on the problem being studied was required once only.

A single cross-sectional research design was therefore used. This involved one sample of respondents ie. small Indian retailers which were in existence at the time of the study, had survived for at least three years, were in business during the Apartheid era, and which have also exhibited growth. The existence of the business during the Apartheid era supports an important aspect of this study which is that, despite Apartheid-related problems (Ginwala : 1992), many small Indian retailers in Pietermaritzburg appeared to have survived and exhibited growth. In addition, the three year criteria for survival was considered a reasonable time because, according to Vesper's (1990) research, only 10% of small businesses actually survive three years of operation and the

remaining 90% presumably fail during this period. Hence, by including businesses which have survived for at least three years in the sample, it means that contributions from potential failures are reduced, thus increasing the potential validity of the information obtained.

## 5. DATA COLLECTION

The identification of a cross-sectional design, suggests the use of certain methods of collecting the information. The commonly used methods are observation and surveys (Loubser, et.al:1996). Observations focus on 'what' rather than 'why' and the 'how' of human actions and on their own may not be adequate in every situation. Given the fact that a major part of this study is descriptive and therefore requiring explanatory data, observation may not be suitable but will inevitably influence critical analysis of the data and other findings, if only indirectly.

This study uses the survey method to collect data. This method can be administered in three ways: personal, telephone, and mail. Tull and Hawkins (1993) provide criteria for the selection of a survey method by suggesting that selection should be based on: complexity, required amount of data, desired accuracy, sample control, time requirements, and an acceptable level of non-response cost.

Personal interviews were favoured over the other two techniques in that the nature of the study assumes the use of relatively

complex (with certain terms requiring explanation) and detailed structured questionnaires. Furthermore, the questionnaires and the study involve a large amount of data being collected which makes the use of telephone and mail surveys inappropriate. In addition, the personal interview method offers greater control and a higher response rate over the sample, as compared to mail questionnaires which normally are known to have a low response rate and are relatively more expensive and difficult to control.

However, the disadvantages of personal interviews are that they can be costly, and could introduce interviewer bias where the respondent may answer in a way which he/she feels the interviewer would like the question to be answered. These limitations can seriously reduce the validity of the interview method. As such, close attention was paid to the data collection instrument to minimise the conscious risk of bias.

The personal interviewing methods used to collect the data were a semi-structured questionnaire (open-ended questions) which allowed respondents to give unstructured responses, whilst the structured questionnaire (multiple choice questions) required respondents to give structured responses to specific questions using a five-point Likert scale.

The mechanics of the structured method with a structured answer are that it seeks to ask questions using the same wording and sequence for all respondents. The advantage of this is that it controls response bias and increases the reliability of the data.

On the other hand, the semi-structured method with unstructured responses allows the respondent to give an answer in his/her own way. The advantages of this method according to Loubser, *et.al.* (1996) are:

- a. that they are ideal when all possible answers are not known
- b. that the researcher can usually deduce a reason for a particular response
- c. that they compel the respondent to think

A major disadvantage of open-ended questions, however, are that they may lengthen the interview and give rise to irrelevant information. In addition, information may be wrongly interpreted and hence incorrectly classified.

It is believed that a combination of both the methods could provide a broader perspective into the problem being investigated by yielding both structured and unstructured responses. Hence, data was collected using both types of data collection instruments.

## 6. THE SAMPLING PROCESS

### 6.1. The Research Population

Population is defined by Malhotra (1993:350) as "the aggregate of all the elements that share some common set of characteristics, and that comprise the universe for the purpose of the research problem". In this study, the population includes small Indian retailers from small Indian businesses situated in some of the previous Group Areas of Pietermaritzburg ie. the

bottom end of town and the Old Greytown Road areas during 1998.

Using Malhotra's (1993:352) population definition criteria, the following factors can be identified:

Element ----- owner/manager of small Indian retail business

Sampling unit --- small Indian retailers

Extent ----- located in some of the previous Group Areas of Pietermaritzburg ie. bottom end of town and the Old Greytown Road areas

Time ----- during 1997/1998 and survived for at least three years

This definition includes those clusters/areas that, using judgement and convenience, were found to have a high concentration of small Indian retailers which were more easily accessible. Excluded from the above definition were those areas/clusters that were found to have small concentrations of small Indian retailers, located in relatively unsafe areas and were not convenient to reach given the financial and time constraints of this study.

## 6.2 The Sampling Frame

In the absence of a formal list of Indian-owned small businesses in Pietermaritzburg, a sampling frame had to be constructed for each area being studied. This was done by physically going to the

chosen areas and then systematically recording the name and the type of business, from one end of the street to the other. This was considered to be the only logical way of constructing a sampling frame.

Overall, the sampling frame is adequate when evaluated on the criteria provided by Chisnall (1973). Due to the fact that the sampling frame was constructed in relatively small areas with a concentration of small Indian retailers, it meets the requirement of being 'nearly complete' for the areas in question. Also, the systematic approach adopted in recording business names prevented duplication of sampling units.

### 6.3. The Sampling Procedure

There are basically two methods that a researcher can use in selecting a sample. These are non-probability or probability samples.

On the one hand, non-probability samples include judgement, convenience, and quota samples. In these methods, the elements of the population do not have a known probability of being selected. On the other hand, probability samples include simple random, stratified, and cluster samples. For probability sampling, elements of the population have a known probability of being selected.

A combination of probability and non-probability samples was

chosen for this study. According to Kidder (1981), this combination is possible if sampling is carried out in a number of stages, as is the case in this study.

Firstly, the sample was constructed from two areas which were judged to have the highest concentration of conveniently accessible small Indian retailers. This relies on the use of cluster/area sampling using judgement and convenience. The use of cluster sampling is advised by Clark and Lawrence, quoted in McGown (1979), when there is no available frame or list of items in the universe from which a sample is to be drawn. The choice of cluster sampling in this study therefore conforms with this procedure in that there was no previous sampling frame available.

Secondly, within each of the chosen areas/clusters, sample elements were chosen using a proportionate random sampling approach. This approach ensured that sample elements from each cluster/area were proportionate to the size of their respective clusters/areas in the combined cluster/area population. In addition, a random approach helped to ensure that every element in the population had an equal chance of being chosen in the sample. This approach is consistent with the advice of Luck and Rubin (1987: 247), who suggest that in cluster or area sampling, "the number of units to be taken from each area can be specified and made proportional to the share of the total population located in each".

Therefore, judgement and convenience, which are a non-probability

sampling approaches, were used in selecting clusters/areas and within each cluster elements were selected probabilistically.

The reason why the sample was constructed specifically from two areas is that the latter were judged to have a relatively high concentration of small Indian retailers of a variety of different types. In addition, these areas were chosen because, given the budgetary constraints of this study, they were convenient to access and were relatively safer than some of the other areas of Pietermaritzburg. (A map of the areas sampled is included in the appendix).

#### 6.4 Sample Size

The study aimed at arranging interviews with respondents from 100 small Indian retailers. This complies with Malhotra's (1993:355) suggestion that for institutions, the regional sample should be between 50 to 500. The choice of the sample size of 100 businesses was considered to be sufficient, given that the combined population was 155 businesses. In addition, the sample size of 100 in this study is close to the sample size of 120 Indian retailers used in a similar study by Jithoo (1987). This conforms with Malhotra's (1996) advice that an important qualitative factor in determining sample size is the sample sizes of similar studies.

#### 6.5 Sample Plan and the Selection Process

The choice of the areas/clusters was based on judgement and convenience as follows:



The first area/cluster from which the samples were drawn was the 'bottom end of town area' which included all small Indian retailers in Church Street between East and including Retief Streets. The second area/cluster was Old Greytown Road between Allandale and Naidoo Roads.

The plan was to interview 100 small Indian retailers from the combined sampling frames of the two areas/clusters chosen. Businesses from each area were included randomly in the sample according to the proportion of each area in the combined cluster/area population.

Each of the 100 businesses chosen for inclusion in the sample was qualified for further study on the basis of whether they met the following criteria:

- a. were small businesses as defined by the Small Business Development Corporation.
- b. were retailers
- c. were in business during the Apartheid era
- d. in business for at least three years
- e. exhibited growth in terms of Hatten's (1997) and Walkers (1988) criteria

Businesses that met the above criteria were asked for permission to be interviewed in order to investigate factors that have played a key role in their growth and, more particularly, whether marketing played a role in this growth.

Over two-thirds of the businesses (67% - ie. 67 out of 100 small Indian retailers) that qualified for further study were willing to contribute to the research. However, a small proportion (33% -ie. 33 out of 100 small Indian retailers) did not meet the requirements stipulated above for further study, did not want to participate, the owners were "not available", and there were some who did not co-operate fully by providing responses to both questionnaires, and were therefore not included for further interviews. Hence the selection process was relatively free of problems with an acceptable response rate.

#### 7. QUESTIONNAIRE AND FIELDWORK

Before the fieldwork could be carried out, questionnaires were designed as follows:

Two types of questionnaires were used. The first was a structured instrument with structured responses. The second questionnaire, although structured in terms of addressing particular broad areas, was open-ended and required respondents to give their own views, opinions, and experiences, thereby helping to generate more information.

The questionnaires were designed on the basis of those used in similar studies by Luk (1996), Scholtz (1986), Bamberger (1982), and Yusuf (1995). In addition, colleagues in the Business Administration Department (Pietermaritzburg), including the Supervisor, co-Supervisor, and Head of Department assisted in the design of the questionnaires by providing constructive comments

and criticism.

To ensure that the questionnaires were free from ambiguities, pre-testing was done amongst a small group of 20 small Indian retailers in the chosen clusters which were similar to those in the main study. Kidder (1981) believes that pre-testing of questionnaires is important as it is a means of "catching and solving unforeseen problems, .....and can also indicate the need for additional questions or eliminating others". In view of this, the pre-test in this study, by testing the phrasing, wording, interpretation, elimination and addition of questions, increased the reliability of making conclusions from the questionnaires. A common problem experienced in the pre-testing of questionnaires is that respondents required clarity on terms used in the structured questionnaire. A schedule clarifying terms in the structured questionnaire was constructed to minimise potential problems (Refer to Appendix for 'Clarification of Terms in the Structured Questionnaire'). The semi-structured questionnaire did not pose any of these problems.

In view of the small sample size and the cost constraints imposed on this study, all the field work was done by the researcher. Thus, by one person interviewing all the respondents was assumed to have minimised error and bias. To increase the chances of administering the questionnaire more effectively, the interviewer consulted the work of Bbenkele (1986) and Cassim (1987) where relevant suggestions were taken heed of for effective questionnaire administration.

The questionnaires used in this study appear in the Appendix at the end of this thesis.

## 9. VARIABLES AND THEIR MEASUREMENT

Discussion of the measurement of each study variable is important as this has implications for the reliability and validity of the results.

According to Malhotra (1996:304), reliability refers to the "extent to which a scale produces consistent results if repeated measurements are made on the characteristic." On the other hand, research is valid when the conclusions are true (Kidder et al : 1981). A discussion of how the different constructs were measured appear below:

### 9.1. Dependent Variables

#### 9.1.1 Growth

Hatten (1997) suggests that growth is a natural and usually desirable consequence of being in business and can be seen in several forms. He defines growth in terms of revenue, total sales, number of customers, number of employees, products offered, and facilities needed. On the other hand, Walker (1988), defines growth according to five stages which are existence, survival, success, take off, and resource maturity. However, in this study, problems were experienced in getting information on revenue and sales from Indian retailers (even when the information was requested in non-quantitative terms), who considered such information to be strictly confidential. Growth in this study was measured in terms of Hatten's (1997) and

Walker's (1988) models. In addition, Walker's (1988) growth model, helped to categorize the small Indian retailers ordinarily into low, medium, and high growth categories. These growth categories are briefly explained below:

Low Growth: Not a big increase in staff, products, inventory, and customers - Located in the existence and survival categories or in between.

Medium Growth: A good increase in staff, products, inventory, and customers - fairly well established and fast expansion - located in the success stage

High Growth: High to very high increase in staff, products, outlets, and customers - well to very well established with more formal structure - located in the take off or maturity stages or in between

#### 9.1.2 Survival

Survival in this study was measured by the firm satisfying the requirement of having been in business for at least three years. The three year requirement is based on Vesper's (1990) finding which indicates that only 90% of small businesses fail during the

first three years of operation. Hence by including in the sample businesses that were at least three years old, meant that contributions from potential failures was reduced thus increasing the potential validity of the information obtained.

### 9.1.3. The Independent Variables

The independent variables used in this study were similar to those used in Morkel in Scholtz's (1986) study, which also included historical factors that are known to have contributed to the growth of small Indian retailers in South Africa. This resulted in the inclusion of six broad growth-related factors in the structured questionnaire, as follows:

Personal Factors

Marketing Factors

Technical Factors

Financial Factors

Management Factors

General Factors

Each of these independent variables or growth-related factors was further divided into related sub-factors. These sub-factors were measured in terms of degree of importance in the structured questionnaire on the basis of a 5-point Likert scale where:

1 represented Very Unimportant

2 represented Unimportant

3 represented Neither Important Nor Unimportant

4 represented Important

5 represented Very Important

The advantage of using Likert scales according to Luck & Rubin (1987), are:

- a. the respondent needs to consider only one description for each item
- b. a wide variety of factors can be evaluated through a set of uniform rating categories

In addition, the use of multiple measures, as is the case with a Likert scale, could help to achieve a reasonably precise measure of a construct (Duncan, as quoted in Bbenkele : 1986)

#### 10. DATA ANALYSIS

This study hypothesised that small Indian retailers in Pietermaritzburg have exhibited growth because of:

- a. Personal Factors (hypothesis 1)
- b. Financial Factors (hypothesis 2)
- c. Marketing Factors (hypothesis 3)
- d. Management Factors (hypothesis 4)
- e. Technical Factors (hypothesis 5)
- f. General Factors (hypothesis 6)

The study therefore attempts to ascertain whether there is an association between a dependent variable (growth) and the stated independent variables (personal, financial, marketing, management, technical, and general factors). Given these propositions, an appropriate statistical test to determine whether there are associations would be the 'Chi-Square' test. This test assists in "determining whether a systematic association exists between two variables - the null hypothesis  $H_0$ , is that there is no association between the variables" (Malhotra : 1996 : 521). Although this method does not indicate how strong an association is between two variables (Madge : 1975), it is nevertheless desirable as it enables the determination of whether the observed associations are true or mainly due to sampling error (Bbenkele : 1986).

The Quattro-pro program was used to analyze the information generated by the structured questionnaire. Likert scale values for the different factors were averaged and then through a sorting process the averages for all the factors studied were produced in descending order. This made it possible to identify the key factors for business growth which were located in order of descending rankings.

## 11. SUMMARY

This chapter outlines the research context and its characteristics, data collection, the sampling process, questionnaire design, and the methods used in analysing the data.



The main issues which emerged can be summarised as follows:

The nature of the environment in which the research is being conducted should be reflected as much by the research design chosen for the study which should increase reliability of the study.

Since the study is mainly descriptive in nature, a cross-sectional research design was chosen as being most appropriate.

Under this design, the data was collected using both a structured questionnaire with structured answers and a structured questionnaire with unstructured answers. Due to the smallness of the sample (67 respondents), the opportunity for a more in-depth study was greater.

Pre-prepared sample frames for this study were unavailable and sample frames had to be specifically constructed for this study, by physically visiting the areas being studied and recording the name of each business in the area.

The sampling procedure adopted in this study was cluster sampling using convenience and judgement. This was regarded as an appropriate method considering that a pre-prepared sampling frame was unavailable.

Businesses that were included in the sample were small retailers, who were in business during the Apartheid era, had survived for

at least three years, and exhibited some type of growth. The dependent variable growth was measured according to Hatten's (1997) and Walker's (1988) growth models. The dependent variable survival was measured according to Vesper's (1990) criteria. The independent variables : namely, personal, marketing, technical, management, and marketing, were measured in terms of degree of importance using a 5-point Likert scale where 5 was very important and 1 was very unimportant.

The data analysis method used was the Chi-Square test which is helpful in investigating associations among variables. This was useful in this study in showing whether there was an association between business growth (independent variable) for small Indian retailers in the previous Group Areas of Pietermaritzburg and other variables (independent) which have been known from the literature to have contributed to growth.

### SELECTED REFERENCES

- Arkin, A.J. , The Contribution of Indians to the South African Economy, PhD Thesis, University of Durban Westville, 1981.
- Baker, M.J. & Hart, S.J., Marketing and Competitive Success, Phillip Allan, 1989, U.K., pp.64-101
- Bamberger, I., Portfolio Analysis for the Small Firm, Long Range Planning, Vol.16, No.6, 1982, pp. 49-57
- Bhana, S. & Brain, J., Setting Down Roots - Indian Migrants in South Africa, Witwatersrand University Press, Johannesburg, 1990.
- Bbenkele, E.C.K.C., Understanding Consumer Behaviour in the Less Developed Countries: An empirical investigation of Brand Loyalty in Zambia, Phd Thesis, 1986, pp.182-221.
- Cassim, S, A Study of the Opinions and Attitudes of Indian Women Towards Specific Strategies in Advertising, M.Comm Thesis, University of Natal : Durban, 1987
- Chisnall, P.M., Marketing Research : Analysis and Measurement, McGraw-Hill, U.K., 1973
- deVaus, D.A., Surveys in Social Research, George Allen & Unwin,London, 1986
- Ginwala, F., Indian South Africans - Minority Rights Group International Report, March, 1992.
- Hatten, T.S., Small Business: Entrepreneurship and Beyond, Prentice Hall, 1997.
- Jithoo, S, The Dynamics of Indian Family Firms in Durban in Aspects of Family Life in The South African Indian Community, Proceeding of Social Work Conference held at the University of Durban Westville, 25-26 March 1985.
- Kidder, H., Judd, C.M, Smith, E.R, Research Methods in Social Relations, Harcourt Brace, 1991, U.S.A.
- Kinnear, T. & Taylor, J.R., Marketing Research: An Applied Approach, McGraw-Hill Series in Marketing, U.S.A., 1996
- Loubser, M, Martins, J.H., Van Wyk, H de J, Marketing Research : A South African Approach, Unisa, Pretoria, 1996
- Luck, D.J. and Rubin, R.S., Marketing Research, Prentice-Hall, Seventh Edition, 1987
- McGown, K.L, Marketing Research : Text and Cases, Winthrop Publishers, Inc, 1979
- Malhotra, N.K., Marketing Research: An Applied Orientation,

Prentice-Hall International, 1993

Rennie, A.J. , The Settlement Patterns and Economic Activities of Indians in Nineteenth Century Pietermaritzburg, B.A. (Hons) Thesis, University of Natal, Pietermaritzburg.

Scholtz, C, Factors Influencing the Success of Certain Small Manufacturing Engineering Businesses, MBA Thesis, University of the Witwatersrand, Johannesburg, 1986

Tull, D.S. and Hawkins, D., Marketing Research: Measurement and Method, Prentice Hall, U.S.A, 1993

Vesper, K., New Venture Strategies, Prentice Hall, Englewood Cliffs, New Jersey, 1990

Walker, l., In Search of Success, Entrepreneur, January, 1988, p.5

Yusuf, A., Critical Success Factors for Small Business : Perceptions of South Pacific Entrepreneurs, Journal of Small Business Management, Vol 32, No. 2., April 1995, pp. 68-73.

## CHAPTER 6

### EMPIRICAL FINDINGS

#### 1. AIM OF CHAPTER

The aim of the chapter is to provide empirical data on factors which have played an important role in the growth of Indian retailers situated in some of the previous Group Areas of Pietermaritzburg. An attempt is also made to provide a database for understanding the key factors which have played an important role in the growth of Indian retailers in some of the previous Group Areas of Pietermaritzburg as there appears to be a lack of information on this at present.

Firstly, the sample and the related variables evaluated are discussed.

Secondly, the findings of the semi-structured questionnaire (ie. qualitative study) and the structured questionnaire are discussed. The approach will be to discuss the importance of the broad factors studied (ie. personal, financial, marketing, technical, management, and general) to the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg. The key sub-factors identified are also discussed and evaluated within their respective broad factor categories. Owing to the large number of sub-factors studied, the discussion will be confined to the 'top-ten' sub factors only. The role of marketing in the growth of the small Indian retailer in some of the previous Group Areas will also be addressed in this discussion.

Thirdly, an attempt will be made to test the hypotheses generated in the research methodology section of this study.

## 2. DESCRIPTION OF THE SAMPLE

The study involved an investigation of the key factors which played an important role in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg. A sample was drawn from two clusters/areas which were previous Group Areas and had a concentration of Indian retailers. The areas in question were the 'bottom end of town' area which included Church Street between Retief and East Streets, and Old Greytown Road between Naidoo and Allandale Roads.

There were a total of 155 retail businesses included in the sampling frames for both the clusters/areas identified. The 'bottom end of town area' had 102 businesses (ie. 66% of total population of 155) in its sampling frame and the Old Greytown Road area had 53 businesses (ie. 34% of total population of 155). In total, it was decided to interview 100 businesses which is in line with Malhotra's (1993:355) suggestion that for institutions, the sample should be between 50 to 500. Due to the fact that 66% of the population came from the bottom end of town area (cluster/area 1) and 34% came from the Old Greytown Road area (area/cluster 2), out of the total sample size of 100 businesses 66 were included randomly from cluster/area 1 and 34 were included randomly from cluster/area 2. In total, 67 retail businesses were eventually interviewed as there were those which

did not meet the requirements for further study, did not want to participate, were "not available", and did not co-operate by providing information on both questionnaires, and were therefore not included in the study. The table below provides information on the sample proportions:

Table 6.1 : Survey Sample Proportions

<u>AREA</u>	<u>POPULATION</u>	<u>NUMBER INTENDED TO INTERVIEW</u>	<u>NUMBER ACTUALLY INTERVIEWED</u>
Bottom End of Town	102 (66%)	66 (66% of 100)	48
Greytown Road	53 (34%)	34 (34% of 100)	19
Total	<u>155</u>	<u>100</u>	<u>67</u>

Vesper (1990) suggests that 10% of small businesses can survive three years of operation implying that 90% of small businesses fail during the first three years. Bearing this in mind, all 67 businesses studied were in business for more than three years and were in existence during the time of the interviews. Moreover, all exhibited some form of growth according to Hatten's (1997) and Walker's (1988) growth models. Hatten (1997) notes that growth can be viewed in terms of revenues, total sales, number of customers, number of employees, products offered, and facilities needed. In addition, Walker (1988) looked at growth in terms of existence, survival, success, take-off, and maturity. In this study, it was not possible to obtain financial

information, even in qualitative terms by simple indications of whether revenue increased over a certain time period or not. This information was regarded as strictly confidential and respondents even threatened at the very outset that they would not give interviews if revenue and sales related information was sought. Growth therefore was measured according to Hatten's (1997) and Walker's (1988) models. In addition, businesses were put into three growth categories: low growth, medium growth, and high growth.

Although it would have been preferable to show the results for each cluster separately, this was not considered to be prudent because respondents were assured of confidentiality for information provided and if results were given separately for the clusters, businesses in the smaller cluster would quite easily have been identified by others in terms of information given on type of business, even though their names were not released. Hence, the results of both clusters were combined and are presented as low, medium, and high growth businesses.

The retail businesses identified were in the following types of business categories: baby clothes shops, liquor stores, cars, clothing, crockery, general dealers, fabrics, furniture, groceries, gifts, hardware, jeweller, oriental garments, pharmacies, picture framing, shoes, and stationery. The results however will not be released in terms of business type because



there is a possibility of the confidentiality promised being infringed in that certain businesses will be identified by readers, even though their names are not given, due to the fact that in certain categories there is sometimes only one business. With this understanding, the results for the study are released on the basis of low growth, medium growth, and high growth businesses with 31, 32, and 4 in each category respectively.

The structured questionnaire (shown in the Appendix) contains a number of variables which are shown in the literature to play an important role in business growth and an "importance" rating was required from respondents for each variable included. This enabled the key growth factors to be identified by analysis of a frequency distribution of the businesses in the study. The qualitative, semi-structured questionnaire was helpful in exploring issues more fully by revealing more detailed information.

The results of the structured questionnaire were combined with the findings of the semi-structured questionnaire (referred to as the qualitative study) and are discussed as follows:

### 3. RESULTS OF THE STRUCTURED AND SEMI-STRUCTURED QUESTIONNAIRES

Respondents were asked to rate a number of factors according to their importance in the contribution to the growth of their business. Rating of factors was done according to a 5-point Likert scale where 5 was very important and 1 was very unimportant. The factors used were Personal, Management,

Financial, Technical, and Marketing. Although respondents were given the opportunity to record any additional factors under the "General" section in the structured questionnaire, it was interesting to note that there were no responses under this section. Within each broad-factor category were a number of other sub-factors.

The average scores, in order of importance, for each of the broad factors were calculated to be:

Table 6.2: Average Importance Scores out of 5 for Factors

---

<u>Factor</u>	<u>Average Importance Rating out of 5</u>
Personal Factors	4,94
Financial Factors	4,63
Marketing Factors	4,37
Management Factors	4,02
Technical Factors	3,50

---

The information in the table above shows that personal factors were perceived to have played the most important role and technical factors the least important role in the growth of the Indian retailer business in the previous Group Areas of Pietermaritzburg. This finding is consistent with those of similar studies by Morkel and Gasse in Scholtz (1986) although technical factors in these studies were ranked higher probably because the focus was on manufacturing firms. The information in the table above implies that marketing was not considered to be as important as personal and financial factors to business growth. However, the average score of 4,37 (out of 5) for marketing suggests that the latter is nonetheless perceived to be important.

For the low, medium, and high growth firms studied, the average scores for each of the factors in order of importance was as follows:

Table 6.3 Average Importance Scores for Different Growth Categories

<u>Factor</u>	<u>Average importance Rating out of 5</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Personal	4,94	4,94	5
Financial	4,58	4,63	5
Marketing	4	4,34	5
Management	3,97	4,09	4
Technical	3,48	3,62	3

The information in the table above indicates that for the low, medium, and high growth small Indian retailers, personal factors were perceived to be the most critical and technical factors the least critical to their growth. However, although marketing was rated as less important as personal and financial factors to the growth of low and medium growth firms, the perceived importance of marketing by high growth firms seems to be on par with that placed by the high growth firms in this study on personal and financial factors. This could mean that firms have become large due to marketing factors and that low growth and medium growth firms could also become high growth with a greater emphasis placed on marketing. The information in the table above also implies that none of the factors studied was perceived to have played an unimportant role in the growth of the firms studied.

Within each of the broad factors studied, a number of sub-factors was included for study which were also rated in terms of

importance out of a highest possible score of 5. The average score of each sub-factor, in descending order, for all the firms studied is as follows:

Table 6.4 Average Importance Scores of Sub-Factors in Descending Order

<u>Sub-Factor</u>	<u>Average Score out of 5</u>
Honesty	4,93 (Personal factor)
Hard Work	4,88 (Personal factor)
Commitment	4,77 (Personal factor)
Involvement	4,73 (Personal factor)
Common sense	4,72 (Personal factor)
A belief in Superior Quality and Service	4,61 (Marketing factor)
Learning from failure	4,60 (Personal factor)
Knowledge of business and market	4,59 (Marketing factor)
Adequate capital	4,52 (Financial factor)
Price	4,51 (Marketing factor)
Cash management	4,50
Management skills	4,44
High Achievement drive	4,43
Positive marketing attitude	4,43
Believing in yourself	4,41
Good objectives	4,40
Tolerance	4,39
Persistence	4,38
Keeping Costs low	4,36
Product quality	4,35
Planning	4,26
Initiative and responsibility	4,25
Record keeping	4,16
A belief in innovation	4,13
Flexibility	4,02
Promotion	3,96
Market niche	3,79
Taking calculated risks	3,79
Focusing on opportunities	3,78
Knowing how to do the job	3,57
Specialisation	3,32
Market research	3,12
Formal business education/training	2,92
Focus on high growth markets	2,87
Being a generalist	2,85
Scarce/no competition	2,82
Diversification	2,57
Avoiding changing markets	2,47

In examining the 'top-ten' factors, the information in table 6.4 shows that 60% of the key factors were personal, 30% were marketing related and 10% were financial. This could mean that personal, marketing and financial factors featured most strongly amongst the key factors for growth.

A discussion of each of the factors studied appears below and is followed by a discussion of those sub-factors which were classified as the "top-ten" factors in the table above.

### 3.1 PERSONAL FACTORS

The table below provides information on the importance placed by all 67 firms studied on personal factors.

Table 6.5 Importance of Personal Factors

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	0
Important	4
Very important	63

---

As noted earlier, personal factors were perceived to be most important in the growth of Indian retailers situated in the previous Group Areas of Pietermaritzburg. This is consistent with the work of Morkel and Gasse in Scholtz (1986) who in a similar study also found personal factors to be the most important. Also supporting the importance of personal factors is the work of

Keats & Bracker (1988) which found that small firm performance and hence growth is influenced by individual characteristics and behaviours of owners ie. personal factors.

The information in table 6.5 indicates that all the firms studied perceive personal factors to be important and none perceived personal factors to be unimportant in their growth.

The findings from the qualitative study support the critical role of personal factors in the growth of the business, and include factors such as hard work, high achievement drive, commitment, and involvement. This finding is consistent with the work of Vawda (1977) who in a similar study in Durban also found that 'human factors' were important. In addition Naidoo & Naidoo in Palmer *et.al.* (1956) showed that personal factors, particularly initiative and perseverance, were important in the progress of small Indian retailers historically.

Looking at the importance of personal factors to the expansion of the low growth (31 firms studied), medium growth (32 firms studied), and high growth (4 firms studied), the following findings were obtained:

Table 6.6 Importance of Personal Factors to Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	0	0
Important	2	2	0
Very important	29	30	4

The information in the table on the previous page shows that personal factors, overall, played a very important role in the low, medium, and high growth firms studied. In a similar study, on South Pacific entrepreneurs, by Yusuf (1995) although personal factors were not rated as highly as they are in this study, they were found to have played an important role in business success and growth overall. In Yusuf's (1995) study, Government played a more important role in business success and growth. The qualitative study indicated that due to the lack of assistance from Government during Apartheid, Indian retailers had to resort to personal factors such as hard work, and involvement in their businesses and communities in order to survive. Hence the reason why personal factors were rated as being very important to growth in this study. Of the low, medium, and high growth firms studied, 93,55%, 93,75%, and 100%, respectively, claimed that personal factors played a very important role in their growth. The findings from the qualitative study indicate that a possible reason for the critical role that personal factors have played was probably due to the culture and religious beliefs of Indian retailers which helped them to withstand the effects of Apartheid.

Of the 'top-ten' sub-factors that were found to be critical in the growth of the Indian retailer, six were from the personal factor category. A discussion of these six factors follows:

3.1.1. Honesty

This sub factor was ranked highest by all the firms studied with an average score of 4,93 on a 5-point Likert scale.

The table below provides information on the importance of honesty placed by all 67 respondents in the study.

Table 6.7 The Importance of Honesty

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	0
Important	7
Very important	60

---

The information in the table above indicates that a very large proportion (89,55%) perceived honesty to have played a critical role in their growth. The data also implies that all the firms studied considered honesty to have made a positive contribution to their growth. This inference would be consistent with Palmer's (1977) observation that small Indian retailers were honest in their business practices. It is noteworthy from the findings of the qualitative study that the strong emphasis on honesty also had marketing connotations. It was felt, for example, that by pointing out defects and rejects, and that there were no exchanges and refunds on certain goods, instilled in the customer's mind a strong impression that the trader was being open and honest. This seemed to have had the effect of making customers feel more comfortable in buying from that shop.



Looking at the importance of honesty to the growth of the low growth (31 firms studied), medium growth (32 firms studied), and high (4 firms studied), the following was found to be the case:

Table 6.8 Importance of Honesty to the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	0	0
Important	4	3	0
Very important	27	29	4

The information in the table above shows that honesty played a very important role overall in growth of the low, medium, and high growth firms. Of the low, medium, and high growth firms studied, 87,1%, 90,63%, and 100% respectively claimed that honesty played a very important role in their growth.

### 3.1.2. Hard Work

Hard work was noted in Bhana & Brain (1990) as a critical factor to the survival and growth of the Indian retailer in South Africa.

This sub-factor was ranked second overall from all the sub-factors studied. It had an overall score of 4,8833 on the 5-point Likert scale of importance.

The table below provides information on the importance placed by all 67 firms studied on hard work.

Table 6.9 Importance of Hard Work

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	0
Important	11
Very important	56

---

The information in the table above suggests that a very large proportion (83,58%) perceived hard work to have played a critical role in their growth. The information also indicates that all the firms studied considered hard work to have made a positive contribution to their growth. This finding is consistent with that of Murphy (1986) on small family businesses and Hills & Narayana (1990) on profile characteristics of entrepreneurs which found hard work to have been a very significant factor for business growth and success. This finding also corroborates with that of Bhana & Brain (1990), with specific reference to the hard work displayed by the market gardeners and hawkers who together with their family members from very early morning provided an excellent door-to-door service which their white counterparts did not provide. It would seem that hard work also helped create marketing advantages through better service. In addition, information obtained from the qualitative study suggests that

hard work has played a very important role in growth. Everyone interviewed spent more than eight hours per day attending to business-related matters. There was also evidence of traders visiting their shops even on Sundays when business is normally closed, in order to attend to the book work and other business-related issues possibly suggesting a strong orientation toward hard work.

There were comments such as 'there is no substitute for hard work', and 'hard work never killed anyone'. In a similar study by Morkel in Scholtz (1986), it was noted that 'success eventually came through hard work'. Gasse in Scholtz (1986), similarly found in a comparative study of the plastic and shoe businesses in Canada that hard work was the main cause of success and growth in small business.

Looking at the importance of hard work to the growth of the 31 low growth, 32 medium growth, and 4 high growth firms studied, the following data was recorded:

Table 6.10      Importance of Hard Work to the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	0	0
Important	8	3	0
Very important	23	29	4

The information in the table above shows that hard work, overall, played a very important role in the low growth, medium growth,

and high growth firms studied. Of the low, medium, and high growth firms studied, 74,19%, 90,63%, and 100% respectively, claimed that hard work played a very important role in their growth.

It is noteworthy that a greater emphasis was placed on hard work in progressing from low growth to high growth firms. This might indicate that not all low growth firms have placed as much emphasis on hard work as the other firms did. This could mean that the low growth firms could improve to medium and higher levels of performance if they give more attention to hard work.

### 3.1.3 Commitment

Commitment was noted by Nieuwenhuizen *et.al* (1996) as a very important factor for entrepreneurial success and hence growth. This sub-factor was ranked third from all sub-factors studied with an average overall score of 4,77 on a 5-point Likert scale of importance.

The table below provides information on the importance placed by all 67 firms studied on commitment.

Table 6.11      Importance of Commitment

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	0
Important	22
Very important	45

The information in the table above suggests that a very large proportion (67,16%) perceived commitment to have played a critical role in their growth. The information also indicates that all the firms studied considered commitment to have made a positive contribution to their growth. This finding is consistent with Murphy's (1986) study on family businesses; namely that hard work, dedication and commitment were vital to the growth and survival of the business.

Looking at the importance of commitment to the growth of the 31 low, 32 medium, and 4 high growth firms studied, the following findings were obtained:

Table 6.12 Importance of Commitment to the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	0	0
Important	11	11	0
Very important	20	21	4

The information in the table above shows that commitment played a very important role in the low, medium, and high growth firms. Of these 64,52%, 65,63%, and 100% respectively, claimed that commitment played a very important role in their growth.

These findings indicate that a greater emphasis was placed on commitment with progression from low growth to high growth firms. This may imply that low growth firms have not placed as much emphasis on commitment as the other firms have. This could mean that with higher emphasis on commitment, the smaller firms could

achieve higher levels of progress and hence growth.

#### 3.1.4. Involvement

The importance of involvement for business growth and success is supported by Hodgets & Kuratko (1995) and Nieuwenhuizen (1996). The involvement factor was ranked fourth overall in this study of all the other factors with a score of 4,7266 on a 5-point Likert scale of importance.

The table below provides information on the importance placed by all 67 firms studied on involvement.

Table 6.13      Importance of Involvement

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	0
Important	19
Very important	48

---

The information in the table above shows that a very large proportion (71,64%) perceived involvement to have played a critical role in their growth. The information also indicates that all the firms studied considered involvement to have made a positive contribution to their growth. This finding is consistent with that of McCrystal & Maasdorp (1967) which found that family involvement in small Indian retailing businesses in South Africa seemed to have played an important role in the progress and growth of small Indian farmers. In further support of the critical role that involvement plays in business growth, Radder (1996) found that neglecting issues like research, price

and budgets could threaten the survival and hence growth of the business. Nevertheless, the research findings imply that involvement and exercising responsibilities effectively are important in sustaining the survival and increasing the growth of small businesses.

Looking at the importance of involvement to the growth of the low, medium, and high growth firms studied), the following findings were recorded:

Table 6.14 Importance of Involvement to Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	0	0
Important	9	9	1
Very important	22	23	3

The information in the table above indicates that involvement played a very important role in the growth of low, medium, and high growth firms. Of the low growth, medium growth, and high growth firms studied, 70,97%, 71,88%, and 75% respectively claimed that involvement played a very important role in their survival. This finding is supported by the qualitative part of this study which found that family members, including small children get involved and make themselves useful. In addition, the qualitative study indicates that family involvement can have important marketing implications from a pricing point of view. That is, wives and children were not always formally or directly paid for their assistance, resulting in savings which were

transferred to the customer in the form of lower prices or retained as higher profits.

### 3.1.5. Common Sense

This personal factor was ranked fifth overall with an average score of 4,7166 on the 5-point Likert scale of importance.

The table below provides information on the importance placed by all 67 firms studied on common sense.

Table 6.15      Importance of Common Sense

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	1
Neutral Response	5
Important	14
Very important	47

---

The information in the table above shows that a very large proportion (70,15%) perceived common sense to play a critical role in their growth. The information also indicates that all (91%), but six firms studied, considered involvement to have made a positive contribution to their growth. This finding is consistent with those in similar studies by Morkel and Gasse in Scholtz (1986).



The results of the qualitative study also support the importance of a common sense approach to business survival. The arguments were very much along marketing lines whereby the best quality product would not sell if there is no need for it.

Looking at the importance of common sense to the survival of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.16 Importance of Common Sense for Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	1	0
Neutral Response	2	3	0
Important	7	7	0
Very important	22	21	4

The information in the table above shows that common sense overall, played a very important role in the growth of the low, medium, and high growth firms studied. Of these, 70,97%, 65,63%, and 100%, respectively, claimed that common sense played a very important role in their growth.

It is interesting to note that only one medium growth firm (3,13%) claimed that common sense was unimportant in its growth. A neutral response of 2 (ie.6,45%) from the low growth and 3 (ie.9,38%) of the medium growth firms claimed that common sense was neither important nor unimportant to their growth. The findings from the qualitative study seem to suggest that a few Indian retailers felt that their growth was not as a result of

logic and common sense but probably due to 'luck' and 'being in the right place at the right time' possibly implying a religious and cultural orientation to business growth.

### 3.1.6. Learning from failure

This factor was positioned seventh from all factors with an average score of 4,5966 on a 5-point Likert scale of importance. The table below provides information on the importance placed by all 67 firms studied on learning from failure.

Table 6.17      Importance of Learning From Failure

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	4
Neutral Response	9
Important	27
Very important	27

---

The information in the table above indicates that a very large proportion (81%) perceived learning from failure to have played an important role in their growth. This is consistent with the practices of successful growth firms, which do not condemn failure but rather learn from it, as noted in Stanton (1995), with special reference to the innovation process. Similarly, the findings from the qualitative study indicate that growth was as a result of learning from one's own failures and that of others.

Looking at the importance of learning from failure to the growth of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.18 Importance of Learning From Failure for the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	2	0	0
Neutral Response	2	4	0
Important	18	18	0
Very important	9	10	4

The information in the table above shows that learning from failure, played an important role in the low, medium, and high growth firms. Of these, 87%, 88%, and 100%, respectively, claimed that learning from failure played an important role in their growth.

A possible explanation for those firms that gave "neutral" and "unimportant" responses is that they may not have experienced failure before, or not known of other business that did fail in the past, from which they could have taken lessons.

Overall, personal factors were perceived by respondents to have played the most important role in the growth of small Indian retailers situated in the previous Group Areas of Pietermaritzburg included in this study.

### 3.2. FINANCIAL FACTORS

Of the five factors studied, financial factors were the second most important, after personal factors, with an average score of 4,62 on the 5-point Likert scale of importance.

The table below provides information on the importance placed by all 67 firms studied on financial factors.

Table 6.19      Importance of Financial Factors

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	0
Important	25
Very important	42

---

The information in the table above indicates that all the firms studied perceived financial factors to be important and none perceived financial factors to be unimportant to their growth. This is consistent with the findings of Peterson, Kozmetsky, & Ridgeway (1983) and Carson (1988), who found that a lack of financial resources is a major cause of failure. This implies that financial resources play an important role in averting failure and hence may increase the chances of survival and growth.

Looking at the importance of financial factors to the growth of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.20 Importance of Financial Factors for the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	0	0
Important	13	12	0
Very important	18	20	4

The information in the table above shows that financial factors played an important role in the low, medium, and high growth firms. Of these, all claimed that financial factors played an important role in their growth.

It may therefore be inferred that with progression from low to medium and high growth, financial factors continue to assume a critical role in growth. This is consistent with the findings of Arkin (1981) which indicates that the Passenger Indian retailers who were financially better off displayed higher levels of growth.

### 3.2.1. Adequate capital

Of the ten most important sub-factors, adequate capital was rated ninth with an average score of 4,5 on the 5-point Likert scale.

The table below provides information on the importance placed by all 67 firms studied on adequate capital.

Table 6.21 Importance of Adequate Capital

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	5
Important	35
Very important	27

---

The information in the table above indicates that a very large proportion (93%) perceived adequate capital to have played an important role in their growth. This finding is consistent with research by Hodgetts and Kuratko (1995), who argued that the more capital gives a small business a better chance of success and growth.

Looking at the importance of adequate capital to the growth of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.22 Importance of Adequate Capital for the Different Growth Categories

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	1	4	0
Important	20	15	0
Very important	10	13	4

---

The information in the table above shows that adequate capital played an important role in the low, medium, and high growth firms. Of these, 97%, 88%, and 100%, respectively, claimed that

adequate capital played an important role in their growth. The firms that gave neutral responses were probably not directly involved in capital intensive businesses.

Otherwise, there is a higher emphasis on adequate capital with progression from low growth to high growth firms. This would seem to be reasonable as firms would need capital to enter higher growth categories.

In summary, financial factors, particularly adequate capital, were perceived to play a critical role in the growth of small Indian retailers situated in the previous Group Areas of Pietermaritzburg which were included in this study.

### 3.3. MARKETING FACTORS

Of the five factors studied, the average score for marketing on a 5-point Likert scale of importance was 4,37. This placed marketing as the third most important contributing factor to small business growth after personal and financial factors.

The table below provides information on the importance placed by all 67 firms studied on marketing factors.

Table 6.23      Importance of Marketing

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	0
Important	42
Very important	25

---

The information in the table above shows that all the firms studied perceived marketing factors to be important and none perceived marketing factors to be unimportant in their growth. This is consistent with the findings of McBurnie and Clutterbuck (1988), and Baker & Hart (1989) who also found that marketing is important and is the 'linchpin' for survival and hence growth.

It is interesting to note that in a similar study by Yusuf (1995) into small businesses in the South Pacific, marketing factors were found to be the least critical to the success and hence growth of the firm. A possible reason for this contrast in findings is that Government support seemed to have played an important role in the South Pacific study whereas, as noted in Bhana & Brain (1990) and Ginwala (1992), the survival of Indian retailers was threatened during the Apartheid era by many regulations which created major difficulties. During such difficult periods, Carson *et.al.* (1995) reason that marketing tends to assume a more expansive and hence more important role in the firm. Hence, a possible reason for marketing assuming a comparatively more important role in this study due to the difficulties faced by small Indian retailers studied.

Looking at the importance of marketing factors to the survival of the low, medium, and high growth firms studied, the following findings were recorded:



Table 6.24 Importance of Marketing to the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	0	0
Important	21	21	0
Very important	10	11	4

The information in the table above shows that marketing factors played an important role in the low, medium, and high growth firms studied.

It is also clear from the table above that the emphasis on marketing's importance increases as progression from low to medium growth and high growth occurs. This implies that in order to progress, low growth firms should give more attention to marketing.

Of the 'top-ten' sub-factors that were found to be critical in the growth of the Indian retailer, three were from the marketing category. A discussion of these three factors follows:

### 3.3.1 A belief in superior quality and service

This factor was positioned sixth of all factors with an average score of 4,61 on a 5-point Likert scale of importance.

The table on the next page provides information on the importance placed by all 67 firms studied on a belief in superior quality and service.

Table 6.25 Importance of Superior Quality and Service

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	2
Important	33
Very important	32

---

The information in the table above indicates that a very large proportion (82%) perceived superior quality and service to have played an important role in their growth. The importance of good quality is supported by the findings of O'Neill & Duke (1986) that failure often results from bad quality which implies that good quality increases the chances of survival and growth. This is supported by Larson (1987), who found that in slow growth economies, good quality products and service increases the chances of growth. The importance of good service is supported by the findings of Hill & Narayana (1990) who, in looking at the profile characteristics of entrepreneurs, found good service to be important to success and hence growth.

The qualitative part of this study also supports the importance of quality products and service for growth with emphasis on satisfying customer needs better than competition, treating customers with 'dignity', 'respect', 'being helpful and friendly', and 'providing benefits and solutions to problems'. Similarly, Vawda's (1977) study of small Indian retailers in Durban found that there was a strong service orientation.

Looking at the importance of superior quality and service to the

growth of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.26 Importance of Superior Quality and Service for the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	2	0
Important	17	16	0
Very important	14	14	4

The information in the table above indicates that superior quality and service played an important role in the low, medium, and high growth firms with the exception of two firms in the medium growth category which recorded a neutral response. Of the low, medium, and high growth firms studied, 100%, 94%, and 100%, respectively, claimed that superior quality service played an important role in their growth. This finding is supported by Bamberger (1982), and Scholtz (1986), who found that quality and service were paramount to the success and growth of a small firm in the market place.

A possible explanation for the two medium sized firms giving a neutral response could be that they cater for markets that probably do not emphasise on service and product quality but focus rather on other issues such as low prices. This phenomenon was also noted from the results of the qualitative study.

### 3.3.2. Knowledge of business and market

Knowledge of the business and market was rated as the eighth most important sub-factor with an average score of 4,59 on the 5-point Likert scale.

The table below provides information on the importance placed by all 67 firms studied on knowledge of business and market.

Table 6.27      Importance of Knowledge of Business and Market

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	1
Important	37
Very important	29

---

The information in the table above shows that a very large proportion (99%) perceived knowledge of the business and market to have played an important role in their growth. This finding on the importance of market knowledge is supported by Clifford and Cavanagh (1988) who found in their study of successful and hence growth businesses that, both on a strategic and tactical level, knowledge of customer needs guides company operations. Bhana & Brain (1990) also noted that the comparatively better knowledge by Indian retailers of their Indian patrons may have helped in the historical survival and growth of the Indian retailer in South Africa.

In support of the importance of business knowledge in growth, Bhana & Brain (1990) noted the importance of past experience in business particularly by the Passenger Indians, in enhancing

their knowledge of business. The importance of experience in enhancing the knowledge of the business is also supported by Bird's (1989) study of entrepreneurial behaviour.

Looking at the importance of knowledge of the business and market to the growth of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.28      Importance of Knowledge of the Business and Market for the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	1	0	0
Important	17	20	0
Very important	13	12	4

The information in the table above indicates that knowledge of the business and market, played an important role in the low, medium, and high growth firms studied with the exception of one firm in the low growth category which recorded a neutral response. Of the low, medium, and high growth firms studied, 97%, 100%, and 100%, respectively, claimed that knowledge of the business and market played an important role in their growth.

A possible reason for the neutral response by the low growth firm could have been as a result of owners being unaware of modern marketing methods, which led them to rely on "trial and error" practices instead in order to survive. This may also explain the low growth and progress of the firm in question.

### 3.3.3. Price

Price was ranked as the tenth most important sub-factor on the 5-point Likert scale of importance.

The table below provides information on the importance placed by all 67 firms studied on price.

Table 6.29      Importance of Price

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	0
Important	33
Very important	34

---

The information in the table above shows that an overwhelming proportion (100%) perceived price to have played at least an important role in their growth. This finding is consistent with the findings of Skinner (1975) who found that companies regard their pricing policy as being either vital or most important to their achievements.

The qualitative study also suggests that penetration pricing (ie. charging a lower price) played an important role in the survival of the firm. This finding is supported by Walker & Haynes (1978:82) who report that "price research has proven that the majority of customers are price conscious, ..it is those retailers that charge the lowest price ...that tend to have the largest sales volume"; and hence survive and exhibit growth. With Indian retailers it seemed that the cost savings from keeping overheads low were passed on to the customer in the form of lower

prices and also retained as financial resources for future growth.

The findings of the qualitative study showed that pricing advantages existed as a result of flexibility. It seemed that prices were always negotiable. This finding is consistent with the findings of Steiner & Stolen (1988) into small manufacturing firms and Larson & Clute (1979) which found that a lack of flexibility often resulted in business failure. This could imply that flexibility in setting price is important in averting failure and hence increasing the chances of growth.

Looking at the importance of price to the growth of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.30 Importance of Price for the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	0	0	0
Important	14	17	2
Very important	17	15	2

The information in the table above indicates that price played a critical role in the growth of the low, medium, and high growth firms. Of these all claimed that price played an important role in their growth.

A possible reason why price seems to be rated as very important by more low growth firms is that many of these businesses, as the qualitative study also indicates, place emphasis on lower prices to survive.

The overall results indicate that marketing is not perceived as being as important as personal and financial factors in contributing to business growth. The probable reason is that there was a general lack of awareness about marketing as a whole which was probably related to a lack of formal education and training in marketing, which is apparent from the qualitative study. This argument is supported by Hankinson (1991) who found that a lack of training and education in marketing often creates problems. This implies that formal training and education in marketing may be important in enhancing marketing's contribution to business growth. In addition, it was also found that a lack of emphasis on marketing, certainly amongst the low growth businesses, was as a result of a lack of resources to undertake marketing activities. This finding is supported by Carson *et.al.* (1995) who reasoned that small firm marketing is often restricted due to a lack of resources.

In summary, marketing factors, particularly quality service, knowledge of the customer and business, and price, were found to have played an important role in the growth of small Indian



businesses in the previous Group Areas of Pietermaritzburg.

### 3.4. MANAGEMENT FACTORS

Of the five factors studied, management factors were placed fourth with an average score of 4,02 on a 5-point Likert scale. Morkel in Scholtz (1986) similarly found that even though management factors were important in a firm's growth, they were not as important as personal and marketing factors.

The table below provides information on the importance placed by all 67 firms studied on management factors.

Table 6.31      The Importance of Management

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	0
Neutral Response	6
Important	53
Very important	8

---

The information in the table above shows that most of the firms (91%) claimed that management factors were important in their growth. It is also noteworthy that no firm perceived management factors to be unimportant in their growth. This finding is consistent with the findings of Dekimpe & Morrison's (1991) study which found that life expectancy of a small firm increases with good management.

From the qualitative study, it is apparent that great importance was placed on management skills and there was evidence overall of flexibility, record keeping, and planning being carried out.

These findings are consistent with those of Steiner & Solem (1988) and Larson & Clute (1979).

Looking at the importance of management factors to the growth of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.32      Importance of Management for the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	0	0	0
Neutral Response	3	3	0
Important	26	23	4
Very important	2	6	0

The information in the table above indicates that management factors played an important role in the growth of the low, medium, and high growth firms in this study. Of these, 90%, 90%, and 100%, respectively, claimed that management factors played at least an important role in their growth.

In progressing from low to medium to high growth, management factors seem to assume a more critical role in growth.

The comparatively lower emphasis on management by lower and medium growth firms could imply that they could lack training in management issues. If this is the case, it could be a failure syndrome as Larson & Clute (1979) found with organisations that failed.

Hence management factors, on the whole, even though they were not rated as highly as some other factors in this study were nonetheless perceived to be important to business growth.

### 3.5. TECHNICAL FACTORS

Of the five main areas surveyed, technical factors were perceived to be of the lowest importance. Overall, an average score of 3,5 on a 5-point Likert scale was recorded for technical factors.

The table below provides information on the importance placed by all 67 firms studied on technical factors.

Table 6.33      Importance of Technical Factors

---

<u>IMPORTANCE</u>	<u>FREQUENCY</u>
Very unimportant	0
Unimportant	6
Neutral Response	25
Important	31
Very important	5

---

The information in the table above shows that about half of the firms studied claimed that technical factors played an important role in their growth whilst the other half claimed no positive contribution from technical factors. This finding is inconsistent with the findings of Scholtz (1986) on manufacturing firms which recorded a score of 3,05 on a 4-point Likert scale for technology and Morkel in Scholtz's (1986) study . Possible reasons for the inconsistencies in results between this study and Scholtz's (1986) and Morkel in Scholtz's (1986) study could be that those studies were focused on manufacturing firms where technical factors would seem to play a more important role than they did

in this study which focuses on retailers. Another reason is that Scholtz (1986) unusually adopted a 4-point Likert-scale whereas 5-point or 7-point scales are the norm; and obviously the wider the range, the more likely that wider variation will occur in keeping with the Normal Distribution Curve, upon which the original Likert scales are based. The former assumption probably explains why the results of this study, indicating the low importance of technical factors are similar to Luk's (1996) finding with regard to formal education (a technical factor) which was regarded as the least important out of 14 factors studied.

The findings from the qualitative study also indicated that technical factors, such as formal business qualifications and knowing how to do the job were not considered to be important in the retailing sector. The general perception was that other factors such as experience played an even greater role in business growth. The primary importance of business experience in increasing the chances for a firm's survival was found by Bird (1989), in a study into entrepreneurial behaviour, and by Steiner & Solem (1988) who studied success factors in manufacturing firms.

Looking at the importance of technical factors to the growth of the low, medium, and high growth firms studied, the following findings were recorded:

Table 6.34 Importance of Technical Factors for the Different Growth Categories

<u>IMPORTANCE</u>	<u>FREQUENCY</u>		
	<u>Low Growth</u>	<u>Medium Growth</u>	<u>High Growth</u>
Very unimportant	0	0	0
Unimportant	3	3	0
Neutral Response	11	10	4
Important	16	15	0
Very important	1	4	0

The information in the table above indicates that technical factors played a more important role with the low and medium growth firms than they did with the high growth firms.

A possible reason why technical factors were not emphasised as much as other factors is because the firms being studied are retailers and, unlike manufacturing firms, do not necessarily require expertise and skills in operating machinery or adhering to high-speed computer aided systems.

Hence, the overall average score for technical factors of 3,5 on the 5-point Likert scale suggests that these have not played an important role in the growth of small Indian retailers in the previous Group Areas of Pietermaritzburg.

### 3.6. OTHER FACTORS

Although respondents were given an opportunity in the structured questionnaire to list other general factors that were perceived to have played an important role in their growth, none responded. However, through a process of coding and tallying of responses with the qualitative semi-structured questionnaire, it seemed

that some other factors also played an important role in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg. A discussion of these factors follows:

#### 3.6.1. The Experience Factor

Many of the businesses studied were predominantly from the Passenger Indian group which means that the owners/managers already had business experience before opening such businesses in Pietermaritzburg. This group had an advantage over other Indian retailers because, according to Bhana & Brain (1990) and Arkin (1981), they had business experience and more capital before coming to South Africa and hence exhibited more rapid growth than the other indigenous Indian retailers.

It is interesting to note that this experience was well rounded based on what are broadly recognised and taught as business administration disciplines. Many had exposure to 'buying', 'doing the books', 'selling', 'merchandising', 'debtors', and 'other issues' that were unique to the running of different types of businesses. The qualitative study indicated that a fairly strong emphasis was placed on selling, which is a marketing function. This finding is consistent with that of Hankinson (1991) who found that good selling skills played an important role in averting failure and hence bringing about growth. He emphasized the importance of training to enhance selling skills. The training in selling skills for the Indian retailers interviewed in this study came mainly from experience and exposure to

business from a young age.

Hence, experience which is a personal factor was seen to have played an important role in business growth. In addition experience helped to bring about more effective selling skills which is a marketing issue which respondents perceived to have made an important contribution to business growth. This finding complements that of Onions (1995) study which found that 9 out of 10 successful firms emphasized selling in addition to other factors discussed elsewhere in this thesis.

### 3.6.2. Religious and Cultural Advantages

Carson (1988) and Peterson & Kozmetsky (1983) found that a lack of finance is often a reason for business failure. The Muslim Indian retailers claimed that the charging of interest was not allowed according to their religion. Those Muslim traders who raised finance from family sources were therefore relieved of large financial burdens because no interest was charged on the borrowed funds. This implies that the cost effective raising of finance by certain traders probably played an important role in their business growth. There was also evidence of a strong support base from family, friends, and the community that provided assistance to businesses requiring finance. Often money was lent at a lower interest rate than that charged by formal lending institutions; and sometimes a relative would lend money without any expectation of being repaid. Clearly, these

advantages in raising finance more effectively can be assumed to have contributed to the growth of the small Indian retailer in this study.

Hence, religious and cultural values can be regarded as responsible for the growth of small Indian retailers interviewed in this study.

### 3.6.3. Problems Creating Growth Opportunities

#### a. Group Areas

The qualitative study indicated that the older businesses particularly were affected by the Group Areas Act. It was indicated that after establishing themselves in certain locations, they had to re-locate as a result of the Group Areas Act which is documented in Ginwala (1992). As a result, many suffered great losses in that transition period through having to re-establish themselves in different locations. Those who owned properties in the affected areas, suffered great losses in that their properties were expropriated and they were paid a pittance by way of so-called "compensation".

The Group Areas issue was "managed" by some Indian retailers through transferring and buying properties in the "better-located" white areas in the names of white nominees. Business was carried out as usual from these premises thus preventing many potential disruptive problems and hence the risk of failure. This strategy helped increase the chances of business survival and growth for those small Indian retailers with the foresight and



funds to be able to manipulate the offensive Group Areas Act to their own advantage.

Those Indian retailers who were moved to Indian areas mostly managed the effects of the Group Areas Act by changing their product assortment to cater for the needs of those customers in the new locations. This strategic move could have helped in averting potential failure as Clifford & Cavanagh (1985) observed that in growth and successful companies, customer needs guide company operations.

Although it was agreed that the Group Areas Act placed severe limitations on Indian retailers, it was claimed that it also unintentionally helped to place them closer to their traditional Indian markets of which they already had detailed knowledge. Hence, they were better positioned to serve the Indian market segment more effectively. It also emerged from this study that small Indian retailers normally situated their premises close to Black bus stops and taxi ranks which were perceived to be high growth markets because of the large indigenous population converging in such localities. Hence, many adapted to the Group Areas Act by capitalising on opportunities stemming from the Black market which was more accessible.

The study also indicated that there was a tendency for non-whites to give more support to non-white owned businesses due to Apartheid, certainly during the early 1980s when many white-owned shops were boycotted by non-white customers. This form of passive

political protest therefore played an important role in contributing to business growth. These findings are consistent with those of Chaganti & Chaganti (1983) who found that profitable and growth firms identify a niche in the market.

Hence, for all its obvious cultural indignities and financial disadvantages, the Group Areas Act indirectly contributed to growth by creating alternative marketing opportunities for a community which was characterised by its adaptive and resilient response to contingencies whether intentional or random.

#### 4. TESTING THE HYPOTHESES (USING CHI-SQUARE TESTS OF INDEPENDENCE)

In exploring whether certain factors could be positively associated with, and whether they played an important role in, the growth of small Indian retailers located in the previous Group Areas of Pietermaritzburg, in particular, the role that marketing factors have played in this growth, frequency tables were computed so that a 'goodness of fit' could be established using the chi-square test. The importance of the 'goodness of fit' analysis is that it permits the determination of whether or not a significant difference exists between the observed number of cases falling into each category, and the expected number of cases based on the null hypothesis (Haber and Runyon, quoted in Bbenkele : 1986).

A chi-square test was performed for each factor. This was achieved by taking a null hypothesis which allows the

specification of the frequencies that would be expected in each category, before testing this hypothesis. With a 5-point Likert scale there were five categories and the expected number in each category, given that there were a total of 67 respondents, is 13,4 (ie. 67 divided by 5). The null hypothesis that the observations in each category are not significantly different from the expected in each category, was tested by:

$$X^2 = \frac{\sum (F_o - F_e)^2}{F_e}$$

Where  $F_o$  is the observed number in each category and  $F_e$  the expected number in each category.

#### 4.1. Testing hypothesis H1

It was hypothesised that personal factors were very important in the growth of Indian retailers located in the previous Group Areas in Pietermaritzburg. The reason for this hypothesis is that personal factors have been found in similar studies into small businesses by Morkel and Gasse in Scholtz(1986) to have played an important role in growth.

The information in the table on the next page was used to perform the chi-square test for personal factors:

Table 6.35      Calculation of Chi-Squared Statistic for Personal Factors

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	13.4	13.4
2	0	13.4	13.4
3	0	13.4	13.4
4	4	13.4	6.59403
5	63	13.4	183.594
<b>Chi squared statistic</b>			<b>230.3881</b>

At 4 degrees of freedom {calculated by using the formula - (row minus 1)(column minus 1)} the value from the tables at a 95% confidence level was 9,49.

The chi-square value for personal factors is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at the importance rating of 5.

Therefore, it can be concluded that personal factors have played a very important role in the growth of Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table on the next page was used to perform the chi-square test for personal (low growth firms) factors:

Table 6.36

Calculation of Chi-Squared Statistic for Personal Factors (Low Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.2	6.2
2	0	6.2	6.2
3	0	6.2	6.2
4	2	6.2	2.845161
5	29	6.2	83.84516
<b>Chi squared statistic</b>			<b>105.2903</b>

From the table above, it was apparent that for low growth firms, the chi-square value for personal factors is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 5.

Therefore, it can be concluded that personal factors have played a very important role in the growth of low growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table below was used to perform the chi-square test for personal (medium growth firms) factors:

Table 6.37

Calculation of Chi-Squared Statistic for Personal Factors (Medium Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.4	6.4
2	0	6.4	6.42
3	0	6.4	6.4
4	2	6.4	3.025
5	30	6.4	87.025
<b>Chi squared statistic</b>			<b>109.25</b>

From table 6.37, it was apparent that for medium growth firms, the chi-square value for personal factors is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 5.

Therefore, it can be concluded that personal factors have played a very important role in the growth of medium growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

According to Malhotra (1996:523), "...chi-square analysis should not be conducted when the expected or theoretical frequencies in any of the cells is less than five." Therefore, a chi-square test was not conducted for personal factors (high growth firms) because the expected frequencies in each cell is less than five as shown in the table below:

Table 6.38      Frequencies for Personal Factors (High Growth Firms)

---

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>
1	0	0.8
2	0	0.8
3	0	0.8
4	0	0.8
5	4	0.8
<b>Chi squared statistic</b>		

---

However, from the frequency counts shown in the table above, it is apparent that personal factors played a very important role in the growth of small Indian retailers in this study.

Overall though, growth was positively associated with personal factors and from the frequency counts which were generally concentrated at importance rating 5 of the Likert scale (ie. very important), it can be concluded that personal factors played a very important role in the growth of small Indian retailers in this study.

Hence, hypothesis (H1) is supported.

#### 4.2. Testing hypothesis H2

It was hypothesised that financial factors were very important in the growth of Indian retailers located in the previous Group Areas in Pietermaritzburg. The rationale for this hypothesis is that financial factors have been found, in similar studies into small businesses by Hodgetts (1995) and Carson (1988) to be important to the growth of small businesses.

The information in the table below was used to perform the chi-square test for financial factors:

Table 6.39            Calculation of Chi-Squared Statistic for Financial Factors

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	13.4	13.4
2	0	13.4	13.4
3	0	13.4	13.4
4	25	13.4	10.04179
5	42	13.4	61.04179
<b>Chi squared statistic</b>			<b>111.2836</b>

At 4 degrees of freedom {calculated by using the formula  $-(\text{row minus } 1)(\text{column minus } 1)$ } the value from the tables at a 95% confidence level was 9,49.

The chi-square value for financial factors is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 5.

Therefore, it can be concluded that financial factors have played a very important role in the growth of Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table below was used to perform the chi-square test for financial (low growth firms) factors:

Table 6.40            Calculation of Chi-Squared Statistic for Financial Factors (Low Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.2	6.2
2	0	6.2	6.2
3	0	6.2	6.2
4	13	6.2	7.458
5	18	6.2	22.458
<b>Chi squared statistic</b>			<b>48.5163</b>

From the table above, the chi-square value of financial factors for low growth firms is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency,



was recorded at an importance rating of 5.

Therefore, it can be concluded that financial factors have played a very important role in the growth of low growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table below was useful to perform the chi-square test for personal (medium growth firms) factors:

Table 6.41      Calculation of Chi-Squared Statistic for Financial Factors (Medium Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.4	6.4
2	0	6.4	6.42
3	0	6.4	6.4
4	12	6.4	4.9
5	20	6.4	28.9
<b>Chi squared statistic</b>			<b>53</b>

From the table above, the chi-square value of financial factors for medium growth firms is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 5.

Therefore, it can be concluded that financial factors have played a very important role in the growth of medium growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

According to Malhotra (1996:523), "...chi-square analysis should not be conducted when the expected or theoretical frequencies in any of the cells is less than five." Therefore, a chi-square test was not conducted for financial factors (high growth firms) because the expected frequencies in each cell is less than five as shown in the table below:

Table 6.42      Frequencies for Financial Factors (High Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>
1	0	0.8
2	0	0.8
3	0	0.8
4	0	0.8
5	4	0.8
<b>Chi squared statistic</b>		

However, from the frequency counts shown in the table above, it is evident that financial factors played a very important role in the growth of small Indian retailers in this study.

Overall though, growth was positively associated with financial factors and from the frequency counts which were generally concentrated at importance rating 5 of the Likert scale (ie. very important), it can be concluded that financial factors played a very important role in the growth of small Indian retailers in this study.

Hence, hypothesis (H2) is supported.

4.3. Testing Hypothesis H3

It was hypothesised that marketing factors were very important in the growth of Indian retailers located in the previous Group Areas in Pietermaritzburg. The reason for this hypothesis is that marketing factors such as price and service were noted in Bhana & Brain (1990) to have played an important role in the growth of Indian retailers in South Africa.

The information in the table below was used to perform the chi-square test for marketing factors:

Table 6.43      Calculation of Chi-Squared Statistic for Marketing Factors

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	13.4	13.4
2	0	13.4	13.4
3	0	13.4	13.4
4	42	13.4	61.04179
5	25	13.4	10.04179
<b>Chi squared statistic</b>			<b>111.2836</b>

At 4 degrees of freedom {calculated by using the formula  $-(\text{row minus } 1)(\text{column minus } 1)$ } the value from the tables at a 95% confidence level was 9,49.

The chi-square value for marketing factors is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 4.

Therefore, it can be concluded that marketing factors have played an important role in the growth of Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table below was used to perform the chi-square test for marketing (low growth firms) factors:

Table 6.44      Calculation of Chi-Squared Statistic for Marketing Factors (Low Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.2	6.2
2	0	6.2	6.2
3	0	6.2	6.2
4	21	6.2	35.32903
5	10	6.2	2.329032
<b>Chi squared statistic</b>			<b>56.25806</b>

From the table above, the chi-square value of marketing factors for low growth firms is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 4.

Therefore, it can be concluded that marketing factors have played an important role in the growth of low growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table below was used to perform the chi-square test for marketing (medium growth firms) factors:

Table 6.45      Calculation of Chi-Squared Statistic for Marketing Factors (Medium Growth Firms)

---

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.4	6.4
2	0	6.4	6.42
3	0	6.4	6.4
4	21	6.4	33.306
5	11	6.4	3.30625
<b>Chi squared statistic</b>			<b>55.8125</b>

---

From the table above, the chi-square value of marketing factors for medium growth firms is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 4.

Therefore, it can be concluded that marketing factors have played an important role in the growth of medium growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

According to Malhotra (1996:523), "...chi-square analysis should not be conducted when the expected or theoretical frequencies in any of the cells is less than five." Therefore, a chi-square test was not conducted for marketing factors (high growth firms) because the expected frequencies in each cell is less than five as shown in the table on the next page:

Table 6.46 Frequencies for Marketing Factors (High Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	0.8	
2	0	0.8	
3	0	0.8	
4	0	0.8	
5	4	0.8	
<b>Chi squared statistic</b>			

However, from the frequency counts shown in the table above, it is evident that marketing factors played a very important role in the growth of small Indian retailers in this study.

Overall though, growth was positively associated with marketing factors and from the frequency counts which were generally concentrated at importance rating 4 of the Likert scale (ie. important), it can be concluded that marketing factors played an important role in the growth of small Indian retailers in this study, although not as important as the role personal and financial factors have played.

Hence, hypothesis (H3) is supported.

#### 4.4. Testing Hypothesis H4

It was hypothesised that management factors were important in the growth of Indian retailers located in the previous Group Areas in Pietermaritzburg. The reason for this hypothesis is that management factors have been found by Morkel in Scholtz (1986) to be important in the growth of small firms. In fact, Dekimp &

Morrison (1991) found that a business's life expectancy increases with good management.

The information in the table below was used to perform the chi-square test for management factors:

Table 6.47 Calculation of Chi-Squared Statistic for Management Factors

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	13.4	13.4
2	0	13.4	13.4
3	6	13.4	4.086567
4	53	13.4	117.0269
5	8	13.4	2.176119
<b>Chi squared statistic</b>			<b>150.0896</b>

At 4 degrees of freedom {calculated by using the formula  $-(\text{row} - 1)(\text{column} - 1)$ } the value from the tables at a 95% confidence level was 9,49.

The chi-square value for management factors is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 4.

Therefore, it can be concluded that management factors have played an important role in the growth of Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table below was used to perform the chi-square test for management (low growth firms) factors:

Table 6.48 Calculation of Chi-Squared Statistic for Management Factors (Low Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.2	6.2
2	0	6.2	6.2
3	3	6.2	1.80625
4	26	6.2	63.23226
5	2	6.2	2.845161
<b>Chi squared statistic</b>			<b>80.12903</b>

From the table above, the chi-square value of management factors for the low growth firms is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 4.

Therefore, it can be concluded that management factors have played an important role in the growth of low growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table on the next page was used to perform the chi-square test for management (medium growth firms) factors:



Table 6.49 Calculation of Chi-Squared Statistic for Management Factors (Medium Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.4	6.4
2	0	6.4	6.42
3	3	6.4	1.651613
4	23	6.4	43.05625
5	6	6.4	0.025
<b>Chi squared statistic</b>			<b>57.6875</b>

From the table above, the chi-square value of management factors for medium growth firms is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 4.

Therefore, it can be concluded that management factors have played an important role in the growth of medium growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

According to Malhotra (1996:523), "...chi-square analysis should not be conducted when the expected or theoretical frequencies in any of the cells is less than five." Therefore, a chi-square test was not conducted for management factors (high growth firms) because the expected frequencies in each cell is less than five as shown in the table on the next page:

Table 6.50 Frequencies for Management Factors (High Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>
1	0	0.8
2	0	0.8
3	0	0.8
4	4	0.8
5	0	0.8
<b>Chi squared statistic</b>		

However, from the frequency counts shown in the table above, it is evident that management factors played an important role in the growth of small Indian retailers in this study.

Overall though, growth was positively associated with management factors and from the frequency counts which were generally concentrated at importance rating 4 of the Likert scale (ie. important), it can be concluded that management factors played an important role in the growth of small Indian retailers in this study, although not as important as the role personal, financial, and marketing factors have played.

Hence, hypothesis (H4) is supported.

#### 4.5. Testing Hypothesis H5

It was hypothesised that technical factors were important in the growth of Indian retailers located in the previous Group Areas in Pietermaritzburg. The reason for this hypothesis is that technical factors have been found by Morkel in Scholtz (1986) and Bamberger (1982) to be important in the growth of

small firms.

The information in the table below was used to perform the chi-square test for technical factors:

Table 6.51 Calculation of Chi-Squared Statistic for Technical Factors

---

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	13.4	13.4
2	6	13.4	4.086567
3	25	13.4	10.04179
4	31	13.4	23.11642
5	5	13.4	5.265672
<b>Chi squared statistic</b>			<b>55.91045</b>

---

At 4 degrees of freedom {calculated by using the formula  $-(\text{row minus } 1)(\text{column minus } 1)$ } the value from the tables at a 95% confidence level was 9,49.

The chi-square value for technical factors is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating of 4.

Therefore, it can be concluded that technical factors have played an important role in the growth of Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table below was used to perform the chi-square test for technical (low growth firms) factors:

Table 6.52 Calculation of Chi-Squared Statistic for Technical Factors (Low Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>	<u>Chi</u>
1	0	6.2	6.2
2	3	6.2	1.651613
3	11	6.2	3.716129
4	16	6.2	15.49032
5	1	6.2	4.36129
<b>Chi squared statistic</b>			<b>31.41935</b>

From the table above, the chi-square value of technical factors for low growth firms is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating 4.

Therefore, it can be concluded that technical factors have played an important role in the growth of low growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

The information in the table on the next page was used to perform the chi-square test for technical (medium growth firms) factors:

Table 6.53 Calculation of Chi-Squared Statistic for  
Technical Factors (Medium Growth Firms)

<u>Importance</u> <u>Rating</u>	<u>Observed</u> <u>Frequency</u>	<u>Expected</u> <u>Frequency</u>	<u>Chi</u>
1	0	6.4	6.4
2	3	6.4	1.80625
3	10	6.4	2.025
4	15	6.4	11.55625
5	4	6.4	0.9
<b>Chi squared statistic</b>			<b>22.6875</b>

From the table above, the chi-square value of technical factors for medium growth firms is greater than the chi-squared statistic from the table, hence the relationship is significant. More particularly, the greatest significance, and highest frequency, was recorded at an importance rating 4.

Therefore, it can be concluded that technical factors have played an important role in the growth of medium growth Indian retailers located in the previous Group Areas of Pietermaritzburg.

According to Malhotra (1996:523), "...chi-square analysis should not be conducted when the expected or theoretical frequencies in any of the cells is less than five." Therefore, a chi-square test was not conducted for technical factors (high growth firms) because the expected frequencies in each cell is less than five as shown in the table on the next page:

Table 6.54 Frequencies for Technical Factors (High Growth Firms)

<u>Importance Rating</u>	<u>Observed Frequency</u>	<u>Expected Frequency</u>
1	0	0.8
2	0	0.8
3	4	0.8
4	0	0.8
5	0	0.8
<b>Chi squared statistic</b>		

However, from the frequency counts shown in the table above, it is evident that technical factors played neither an important nor unimportant role in the growth of small Indian retailers (high growth firms) in this study.

Overall though, growth was positively associated with technical factors and from the frequency counts which were generally concentrated at importance rating 4 of the Likert scale (ie. important), it can be concluded that technical factors played an important role in the growth of small Indian retailers in this study, although not as important as the role personal, financial, marketing, and management factors have played.

Hence, hypothesis (H5) is supported.

##### 5. SUMMARY

In this study, 67 small Indian retailers in some of the previous Group Areas of Pietermaritzburg were interviewed. All 67 businesses were in the retailing sector, were in business during the Apartheid era, survived for at least three years, and

exhibited growth, although in varying degrees. They were classified as low, medium, and high growth using Hatten's (1997) and Walker' (1988) growth models. There were 31 low growth, 32 medium growth, and 4 high growth.

The most important factors in this study were found to be in order of importance: personal, financial factors, marketing, management, and technical. In addition, the qualitative study showed that culture and religion, Group Areas, and business experience were also perceived to have played an important role in business growth in this study..

The 'top ten' key sub factors in this study were found to be:

- Honesty
- Hard Work
- Commitment
- Involvement
- Common Sense
- A belief in Superior Quality and Service
- Learning from Failure
- Knowledge of Business and Market
- Adequate Capital
- Price

In testing the hypothesis, using the Chi-squared test, it was found that there were significant relationships between business growth and personal, financial, marketing, management, and technical factors. For all factors, using the Chi-squared test, significant differences and high frequency counts were prevalent at important levels thus suggesting that all factors studied were at least important in the growth of Indian retailers situated in the Previous group Areas of Pietermaritzburg.

## SELECTED REFERENCES

- Arkin, A.J. , The Contribution of Indians to the South African Economy, PhD Thesis, University of Durban Westville, 1981.
- Ayob, Y.N.M., The Place and Role of the Indians in South Africa's Economic Development, Unpublished MBA Project, University of Durban Westville, 1979
- Baker, M.J., & Hart, S.J., Marketing and Competitive Success, Philip Allan, New York, 1989.
- Bamberger, I., Portfolio Analysis for The Small Firm, Long Range Planning, Vol. 16, No. 6, 1982, pp. 49-57.
- Bbenkele, E.C.K.C., Understanding Consumer Behaviour in Less Developed Countries: An Empirical Investigation of Brand Loyalty in Zambia, PhD Thesis, University of Stirling, Scotland, 1986, pp.182-221.
- Bhana, S. & Brain, J., Setting Down Roots - Indian Migrants in South Africa, Witwatersrand University Press, Johannesburg, 1990.
- Bhowan, K, The Indian in Retail Trade - Paper Presented to the Planning for People Conference, 1980
- Bird, B.J., Entrepreneurial Behaviour, Foresman, Chicago, 1989
- Carson, D. et.al. , Marketing and Entrepreneurship in SMEs, Prentice Hall, London, 1995.
- Chaganti, R. & Chaganti, R., A Profile of Profitable and not so Profitable Small Businesses, Journal of Small Business Management, July, 1983
- Clifford, D.K., and Cavanagh. R.E., The Winning Performance: How America's High-Growth Mid-sized Companies Succeed, Sidgwick and Jackson, 1985.
- Cooper, A.C., Strategic Management: New Ventures and Small Business, Long Range Planning, Vol.14, No.4, 1981, 39-45
- Cook, T & Campbell, D., Quasi Experimentation : Design and Analysis for Field Settings, Rand and McNally College Publishing Company, Chicago, 1979.
- Dekimpe, M. & Morrison, D., A Modeling Framework for Analyzing Retail Store Durations, Journal of Retailing, Vol 67, Spring, 1991, pp.68-92
- Ginwala, F., Indian South Africans - Minority Rights Group International Report, March, 1992.



- Goldsmith, W. and Clutterbuck, D., The Winning Streak, Britain's Top Companies Reveal Their Formulas for Success, Weidenfeld & Nicolson, 1984.
- Haber, A & Runyon, R., General Statistics, Addison Wesley, USA., 1977
- Hankinson, A., Small Firms: The Training Problem, Industrial & Commercial Training, Vol. 23, No. 4, 1991.
- Hatten, T.S., Small Business: Entrepreneurship and Beyond, Prentice Hall, 1997.
- Hills, G.E. & Narayana, C., Profile Characteristics, Success Factors and Marketing in Highly Successful Firms, Frontiers of Entrepreneurship Research, Wellesley, Mass Babson College, 1990, pp. 69-80
- Hooley, G.H., and Lynch, J., Marketing Lessons from U.K's High Flying Companies, Journal of Marketing Management, Vol. 1, No. 1, Summer, 1985
- Hodgetts, R.M. & Kuratko.D.F., Effective Small Business Management, Fifth Edition, Harcourt Brace, 1995
- Keats, B.W. and Bracker, J.S., Towards a Theory of Small Firm Performance: A Conceptual Model, American Journal of Small Business, Vol 12, Summer, pp.41-58, 1988.
- Larson, C.M. and Clute, R.C., The Failure Syndrome, American Journal of Small Business, Vol. 4, October, 1979, pp.35-43
- Luk, S.T.K, Success in Hong Kong: Factors Self-Reported by Successful Small Business Owners, Journal of Small Business Management, Vol. 34, No. 3., 1996, pp.68-74
- Malhotra, N.K., Marketing Research - An Applied Orientation, Prentice Hall, 1996, Second Edition, New Jersey
- McBurnie, A. & Clutterbuck, D., The Marketing Edge, Penguin Business Books, 1988.
- Meer, F., Portrait of Indian South Africans, Avon House, 1969
- Murphy, C., Flags Unlimited: The Unfurling of a Family Business, Canadian Business, 1986
- McCrystal, L.P., and Maasdorp, G.G., The Role of the Indian in Natal's Economy, in The Indian South African, South African Institute of Race Relations, 1967
- McKinsey & Co, The Winning Performance of Midsized Growth Companies, American Business Conference, May, McKinsey & Co, London, 1983.

- Nieuwenhuizen, C. et.al., Entrepreneurship and How to Establish Your Own Business, Juta & Company, South Africa, 1996
- Onions, R., Making Small Fortunes, RSA Journal, May, 1995, pp.20-32.
- Palmer, M., The History of Indians in Natal, Greenwood Press, Westport, Connecticut, 1977.
- Palmer, M et.al, The Indian as a South African - A Symposium, 1956.
- Peters, T.J. & Waterman, R.W., In Search of Excellence, Harper & Row, 1982
- Peterson, R.A., Kozmetsky, G., and Ridgeway, N.M., Perceived Causes of Small Business Failures: A Research Note, American Journal of Small Business, Vol.8, Summer, 1983, pp.15-19.
- Radder, L, The Marketing Practices of Independent Fashion Retailers: Evidence From South Africa, Journal of Small Business Management, Vol. 34, No.1, Jan 1996, pp.78-84
- Rennie, A.J. , The Settlement Patterns and Economic Activities of Indians in Nineteenth Century Pietermaritzburg, B.A. (Hons) Thesis, University of Natal, Pietermaritzburg, 1989.
- Scholtz, C, Factors Influencing the Success of Certain Small Manufacturing Engineering Businesses, MBA Thesis, University of the Witwatersrand, Johannesburg, 1986
- Schoeffler, S, Buzzell, R.D., and Heaney, D.F., Impact of Strategic Planning on Profit Performance, Harvard Business Review March/April, 1974, pp.137-145
- Skinner, W., Manufacturing Missing Link in Corporate Strategy, Harvard Business Review, May/June, 1980.
- Stanton, W.J., Etzel, M.J., and Walker, B.J., Fundamentals of Marketing, McGraw-Hill, 1995
- Steiner, M and Solem, O., Factors for Success in Small Manufacturing Firms, Journal of Small Business Management, January, 1988, pp.651-656.
- Takeuchi, H. & Quelch, J.A., Quality is More than Making a Good Product, Harvard Business Review, Vol.61, No. 4., July/August, 1983
- Vawda, E., Retail Store Image - A Study of Indian Population's Image of White and Indian Retail Clothing Stores, MBA Project, University of Durban Westville, 1977

Vesper, K., New Venture Strategies, Prentice Hall, Englewood Cliffs, New Jersey, 1990

Venter, J., Problems Confronting Indian retailermen, Inyanda, April, 1979

Walker, I., In Search of Success, Entrepreneur, January, 1988, p.5

Walker, B.J. & Haynes, J.B., Marketing Channels and Institutions, 1978, second edition, Ohio: Grid, Inc, 1978

Yusuf, A., Critical Success Factors for Small Business: Perceptions of South Pacific Entrepreneurs, Journal of Small Business Management, Vol 32, No. 2, April 1995, pp.68-73

## CHAPTER 7

### DISCUSSION----SUMMARY----SUGGESTIONS

#### 1. AIM OF THE CHAPTER

This chapter concludes the dissertation by discussing the results of the empirical study within the framework of the research question, objectives and hypotheses. Secondly, the issues of validity of the results are discussed with special reference to face and construct validity. Thirdly, the conceptual and empirical contributions of the findings are discussed. Fourthly, the managerial implications of the study findings are addressed. Fifthly, the limitations of the study and suggestions for future research are discussed.

#### 2. A RESTATEMENT OF THE RESEARCH QUESTION , OBJECTIVES, HYPOTHESES AND RESULTS

The problem which this study has attempted to address was to investigate the key factors responsible for the growth of the Indian retailer in the previous Group Areas of Pietermaritzburg. More specifically, this study attempted to ascertain the role that marketing, and marketing factors have played in the growth of the small Indian retailer.

### 3. OBJECTIVES

The objectives of this study are as follows:

- a. To identify and evaluate the key factors which have played an important role in the growth of small Indian retail businesses situated in some of the previous Group Areas of Pietermaritzburg.
- b. To identify and evaluate whether marketing has played an important role in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg.
- c. To perform a and b for low, medium, and high growth small Indian retailers in some of the previous Group Areas of Pietermaritzburg.
- d. To ascertain whether the growth of small Indian retailers in some of the previous Group Areas of Pietermaritzburg could be correlated or positively associated with the key factors identified.

The main reason for undertaking this study was that, despite the problems faced by Indian retailers, certainly in the Apartheid era, as noted by Bhana & Brain (1990), Arkin (1989), Rennie (1989), and Ginwala (1992), it appeared that many Indian retailers have achieved growth in the previous Group Areas of Pietermaritzburg. An interest was therefore created to

investigate the key factors for this growth with particular emphasis on the role of marketing.

Hopefully, the information generated from this study could enable other entrepreneurs in disadvantaged situations to increase their opportunities for generating growth, although there is no guarantee that what worked with some Indian retailers would work in other business environments.

#### 4. SUMMARY AND DISCUSSION OF THE RESULTS

The factors that were found to have played a key role in the growth of Indian retailers situated in some of the previous Group Areas of Pietermaritzburg were in descending order of priority:

Personal factors  
Financial Factors  
Marketing Factors  
Management Factors  
Technical Factors

More specifically, the 'top ten' sub-factors in descending order of priority were:

- |     |  |                    |
|-----|--|--------------------|
| 1.  | Honesty                                  | (Personal factor)  |
| 2.  | Hard Work                                | (Personal factor)  |
| 3.  | Commitment                               | (Personal factor)  |
| 4.  | Involvement                              | (Personal factor)  |
| 5.  | Common Sense                             | (Personal factor)  |
| 6.  | A belief in superior quality and service | (Marketing factor) |
| 7.  | Learning from Failure                    | (Personal factor)  |
| 8.  | Knowledge of Business and Market         | (Marketing factor) |
| 9.  | Adequate Capital                         | (Financial factor) |
| 10. | Price                                    | (Marketing factor) |

The specific findings for each of the factors mentioned above can be summarized as follows:

a. Personal factors were found to have been emphasized by the low and medium growth firms as being very important to business growth. This finding is consistent with the findings of Morkel in Scholtz (1986) and Gasse in Scholtz (1986) in similar studies.

Most of those interviewed, spent more than eight hours per day on business-related matters. There were also some who would work even on Sundays to attend to business related matters. The high level of dedication and hard-work displayed by family members such as the wife and children was also very striking. This finding is consistent with similar studies by Murphy (1986) and Hills & Narayana (1990) who also found that hard work played an important role in business growth.

There is also a very strong evidence that honesty, which probably stems from the culture and religion of the Indian retailer was an important contributor to their business growth. The perception was that an honest approach in pointing out, for example, a reject instilled a sense of trust in the trader for the customer which indirectly boosted marketing performance. This finding is consistent with Palmer's (1977) study which found that honesty played an important role in the historical progress of the small Indian retailer.

The level of initiative and optimism, also featured very strongly

as important growth factors. Many respondents felt that, despite the difficulties faced during Apartheid, their ambitions and drive to see their businesses succeed and grow, helped to overcome many obstacles. This finding is similar to Hills and Narayana's (1990) finding on profile characteristics of progressive small traders.

A common sense approach to business and analysing problems in a simple way was also thought to have played a vital role in the growth of the Indian retailer. An example, of a common sense approach given was that 'you can have the best possible product, if it does not satisfy customer needs, it will not make money for you - it is as simple as that.'

Hence, a number of personal factors were found to have played a very important role in the growth of small Indian retailers situated in some of the previous Group Areas of Pietermaritzburg which is consistent with the findings of Morkel in Scholtz (1986), Murphy (1986), and Hills & Narayana (1990).

b. Financial factors, were found to be the second most important factors in the growth of the Indian retailer in some of the previous Group Areas of Pietermaritzburg. This result is consistent with the work of Bhana & Brain (1990) with specific reference to Passenger Indians, and that of Hodgetts & Kuratko (1995) and Chaganti & Chaganti (1995).



It was found that many of the Indian retailers studied had Passenger Indian origins. Passenger Indians, as noted in Bhana & Brain (1990) and Arkin (1989), were found to have exhibited relatively higher growth as a result of having already accumulated capital from conducting business elsewhere, before entering business in South Africa.

Another interesting finding was that the Indian retailers studied exhibited growth as a result of keeping overheads low. This result is consistent with the findings of Bhana & Brain (1990) and Arkin (1989).

A greater control of cash was also cited as a growth factor and it was found in many businesses that the owner, his wife or children, operated the till and handled the cash. The rationale was that this helped to eradicate temptations on the part of staff to steal, and enabled a family member to oversee working arrangements in the store.

Cultural and religious factors also played a vital role in business growth for those traders who raised finance from family sources and were usually not charged interest on cultural and religious grounds. The issue of raising capital on affordable terms was noted by Onions (1995) as playing an important role in the growth and survival of small firms.

Hence, many financial advantages were gained and played a vital role in the growth of small Indian retailers in some of the

previous Group Areas of Pietermaritzburg. It is also noteworthy that cultural and religious factors assisted certain small Indian retailers in raising finance more cost-effectively than their non-Indian competitors.

c. Marketing, although ranked third in terms of perceived importance, was generally regarded as a very important factor for business growth by the low, medium, and high growth firms. This finding is consistent with those of McBurnie & Clutterbuck (1988) that marketing is the linchpin in the successful growth of companies. This finding is further supported in similar studies by Hankinson (1991), Radder (1988) and Carson (1988) which also found marketing to have played an important role in the growth of small businesses. As these studies were carried out in Northern Hemisphere countries it indicates that marketing has a general, possibly universal importance in the growth of small businesses and is not a specific characteristic of South African businesses owned by the Indian community.

There was a general feeling that being small and hence closer to the customer, made the business better at marketing from the point of view of satisfying the customer more effectively than larger businesses. Respondents indicated that the Group Areas Act provided marketing advantages as many traders, who catered for the Indian and Black markets, were positioned relatively closer to these markets than their White counterparts. Most of the respondents also attributed their growth to a detailed knowledge of the customer and admitted to being driven by customer needs.

Clifford and Cavanagh (1985) also found that customer needs guide company operations on both the strategic and tactical levels. The fact that many Indian retailers targeted attention on the Indian segment which they understood in depth (Bhana & Brain : 1990), probably helped to generate growth. Medium and high growth firms particularly reported that, although they did not do market research in a formal sense, they would always talk to customers in order to understand their needs better and hence stock more compatible products.

The low, medium, and high growth firms acknowledged that service was the 'cutting' edge in maintaining survival and achieving growth. This finding is consistent with that of Hills & Narayana (1990), Buzzell & Heany (1974), Rothwell & Gardiner (1984), and Takeuchi & Quelch (1983), who have stressed the role of quality service as a contributor towards business success and hence growth.

Respondents said that their markets were very competitive. As a result, they had to cut prices in order to survive and generate more sales. There was also a feeling that the market was becoming more price sensitive and respondents felt that price tactics such as two-for -the-price-of-one and buy-one-get-one-free helped to increase growth during competitive market conditions.

However, although marketing played an important role in the growth of small Indian retailers in Pietermaritzburg, personal and financial factors played more important roles in business

growth.

d. The role of management, although not as important as the preceding issues, was important especially in the growth of medium and high growth firms although it was not as important in the low growth firms. A possible reason for the lack of attention to management in low growth firms is that, according to Walker's (1988) growth stage paradigm, low growth firms are normally at the growth stage of existence when the business is not expanding rapidly and hence the owner is not burdened with many management responsibilities. At higher levels of growth and expansion though, the owner becomes more burdened with extra responsibilities and hence a bigger emphasis is placed on the role of management. Whilst respondents in the medium and high growth firms stated that taking calculated risks helped to bring about growth, which is consistent with the work of McKinsey (1980), low growth firms in general felt that their growth was as a result of 'luck', being in the right place at the right time', and 'taking a chance'. A possible reason for this difference could be that low growth firms placed little emphasis on management and, because planning is a part of management, they would therefore be less likely to plan and take calculated risks than rely on "luck" instead.

The general viewpoint of respondents was that flexibility, for example, in terms of changing prices, was important in retaining customers and bringing about growth. This finding is consistent with Steiner & Solem's (1988) study into small firms which also

found that flexibility was vital for success and hence growth.

It was also felt that the keeping of good records and exercising control over important issues like finance were important contributors to success and growth. This finding is consistent with a similar study noted in Hodgetts & Kuratko (1995).

Hence, although management factors did not feature amongst the main key factors for growth, they were nonetheless important as was hypothesised.

e. The technical factor category was not emphasised by respondents as a growth contributor as much as the other factors. This is somewhat at variance with the findings of Morkel in Scholtz (1986), where technical factors were found to be important. A possible reason for this is that Morkel in Scholtz's (1986) study was into manufacturing firms, where technical skills play an important part, whereas this is less so for retailers included in this study.

It was also found that formal business education and training did not play as important a role in growth as business experience which was cited as being important. It was found that most respondents had prior experience and exposure to business and often went into businesses in which they had past experience.

Hence this study concludes that the leading key factors for the growth of small Indian retailers in Pietermaritzburg were

personal, financial, and marketing, respectively. Although management factors were perceived to be important they were not included amongst the 'key factors'. Finally, although the hypothesis of technical factors playing an important role in the growth of the small Indian retailer was validated, on the whole this factor was perceived to be the least important of those included in this study.

## 5. JUSTIFICATION OF THE VALIDITY OF THE RESULTS

### 5.1. Construct Validity

Construct validity refers to whether the research 'properly identifies or names the variables under study' (Kidder : 1981). The questionnaires that were used by this study to measure business growth included variables that had been used in similar studies by Morkel in Scholtz (1986), Gasse in Scholtz (1986), Scholtz (1986) and Bamberger (1982). The work of Bhana & Brain also helped to focus on factors which have been known historically to have contributed to the growth of Indian retailers in South Africa. These variables were also included in the questionnaire.

### 5.2. Face Validity

Because the results of this study are consistent with the findings of other similar studies, face validity has been achieved.

## 6. CONTRIBUTION OF THIS RESEARCH TO EXISTING KNOWLEDGE

### 6.1. Conceptual Contribution

Although this research was limited in scope by time and financial constraints, the results are encouraging. These bear similarities to results of previous studies by Morkel in Scholtz (1986) and Gasse in Scholtz (1986). There is a slight difference in the results of this study compared with that of Morkel in Scholtz (1986) in that technical factors were found to be less important than they were in Morkel in Scholtz's (1986) study. It would seem that the reason for this was that Morkel's study was on manufacturing firms where technical factors like modern equipment play a more important role in achieving, say, economies of scale than they would play in this study where the focus was on retailers, which are less dependent on technology.

In terms of the role of marketing, although the latter was perceived to have played an important role, it was not regarded to be as important as personal and financial factors in business growth. Personal factors were considered to be more important which is also consistent with the work of Morkel in Scholtz (1986) and Gasse in Scholtz (1986).

From the point of view of marketing's role in small business growth, the findings of this study into some marketing factors contradicted some conceptual, and empirical findings of other studies specified below. This is what makes this study unique and a potential contribution to knowledge. These contradictions were as follows:

a. Cooper (1979) found that avoiding dynamic and competitive markets and focusing on growth markets, were important factors for the success and growth of small businesses. However, this study found that the preceding factors were unimportant to the growth of the Indian retailer in some of the previous Group Areas of Pietermaritzburg. Apparently small Indian retailers in the previous Group Areas of Pietermaritzburg were in very competitive and volatile markets. Hence, it would seem that Cooper's (1979) findings are not relevant to this study.

b. The issue of market niche as a growth factor was not regarded as important by the low and medium growth firms although the high growth firms regarded this as important. This corroborates findings on high growth firms reported by Chaganti & Chaganti (1983) that the most profitable firms identify a niche in the market. However, the overall findings on low and medium growth firms contradicts those of Chaganti & Chaganti (1983).

c. Market research was found by Takeuchi & Quelch (1983) and Hooley & Lynch (1985) to be important to business success and hence growth was not found to be as important in this study. Although high growth firms placed emphasis on research, medium and low growth firms attached less importance to research. However, the impression was that even though low and high growth firms may not do formal research, probably due to cost factors, they did basic informal research, for example, by talking to customers in an attempt to ascertain their needs.



Therefore although there are numerous marketing factors that have been found to play an important role in business growth, and still more which have been perceived conceptually and theoretically as important, avoiding dynamic markets, niche marketing, and formal market research were found not to be important in this particular study.

Marketing with special emphasis on knowledge of the business and market, service, and price was found to be important as a growth contributor in this study, which is consistent with the findings of Clifford & Cavanagh (1985), Hills & Narayana (1990), and Baker & Hart (1995), respectively.

## 6.2 Empirical Contribution

This study provides empirical data in Pietermaritzburg on factors that have been perceived to play an important role in the growth of Indian retailers situated in the previous Group Areas of Pietermaritzburg.

It is apparent that many small Indian retailers in Pietermaritzburg have exhibited growth. It is also noteworthy that many of these businesses exhibited growth and progressed, even though they were victims of prejudice during the Apartheid era, as noted in (Bhana & Brain : 1990, and Ginwala 1992). However, even though Indian retailers exhibited growth and progress, not enough research has been done to understand the main reasons for this growth in the previous Group Areas of Pietermaritzburg. Hence the empirical contribution of this study

takes on added importance.

The information provided by this study can be useful to those businesses wanting to increase their opportunities for growth. It is also useful to organisations wanting to increase their competitive capabilities and market share in a turbulent and combative business environment when difficult market conditions prevail, as is the case in South Africa because of global and economic uncertainty. In addition, local organisations that are involved with small businesses in terms of development, training, education, and support can also benefit from the findings. Such organisations would include, the local University, Pietermaritzburg Chamber of Commerce, The Transitional Local Council, Kwa Zulu Natal - Economic Forum, Ndlovu Regional Council, and others too numerous to mention.

## 7. MANAGERIAL IMPLICATIONS

The results of this study should be useful to firms wanting to increase their chances of growth. Generally, firms wanting to grow should pay particular attention to the more important factors listed below. The figures next to each factor indicate the average score (out of 5) in terms of importance for all the growth businesses included in this study.

<u>Sub-Factor</u>	<u>Average Score out of 5</u>	<u>Ranking</u>
Honesty	4,93	1
Hard Work	4.88	2
Commitment	4.77	3
Involvement	4,72	4
Common sense	4,71	5
A belief in superior quality & service	4,61	6

<u>Sub-Factor</u>	<u>Average Score out of 5</u>	<u>Ranking</u>
Learning from failure	4,60	7
Knowledge of business & market	4,59	8
Adequate capital	4,52	9
Price	4,50	10

Low growth firms wanting to grow into medium growth should pay particular attention to the factors detailed on the next page which were found to be the 'top-ten' most important factors for medium growth firms. Each factor has an average importance score (out of 5), as mentioned above:

<u>Sub-Factor</u>	<u>Average Score out of 5</u>	<u>Ranking</u>
Hard work	4,91	1
Honesty	4,91	2
A belief in innovation	4,78	3
Good objectives	4,73	4
Learning from failure	4,73	5
Involvement	4,72	6
Commitment	4,66	7
Cash management	4,59	8
Common sense	4,55	9
Cash management	4,5	10

Low and medium growth firms wanting to increase growth to high growth could pay particular attention to the following factors all of which were found to be the most important factors for high growth firms. Each factor has an average importance score (out of 5) as previously mentioned:

<u>Sub-Factor</u>	<u>Average Score out of 5</u>	<u>Ranking</u>
A belief in superior quality & service	5	1
Knowledge of business & market	5	1
Common sense	5	1
Management skills	5	1
High achievement drive	5	1
Positive marketing attitude	5	1
Adequate capital	5	1
Market research	5	1
Learning from failure	5	1
Honesty	5	1
Hard work	5	1
Commitment	5	1

Drawing on the empirical findings section, there are a number of managerial implications with regards to the most important personal factors. As far as hard work, honesty, commitment, common sense, and learning from failure are concerned, the higher emphasis on these factors in progressing from low to medium to high growth suggests that firms wanting to increase growth should concentrate more on these factors.

Similarly, higher emphasis was placed on marketing factors with progression to higher growth levels. This suggests that in order to increase growth, greater emphasis has to be placed on marketing factors, more particularly service, price and knowledge of business and market. There are also implications here for marketing mix formulation. Managers wanting to increase their chances of growth could place more emphasis on service, for example, on benefits such as guarantees, warranties, availability of spare parts, being helpful, friendly and going that 'extra mile' in accommodating customers. The other important emphasis

would be on price, in terms of price cutting, for example, when all other factors are equal. It is also noteworthy that the high growth and most progressive firms placed a very important emphasis on market research which was less emphasized by the low and medium growth firms. The managerial implication here is that a greater emphasis on market research could help firms aspire to higher growth levels, although low growth firms must obviously be able to meet the high cost of reliable research.

In evaluating financial factors, a greater emphasis was placed on importance in progressing from lower to higher growth levels. It can be concluded therefore, that firms at lower growth levels should grow if greater emphasis is placed on the financial factors described earlier in this study.

As to management, as progression took place to higher growth levels, more emphasis was placed on this factor. A realistic proposal, therefore, would be to increase emphasis on management as a firm aspires to the higher growth levels.

The implication regarding technical factors is that the low emphasis placed on this aspect suggests that these factors play the least important role in the business growth of small retailers, as recorded in this study.

#### 8. LIMITATIONS OF THE STUDY

The limitations of this study highlight some of the areas that could be pointed out as potential areas of weakness of the

project. This section aims to show that the researcher is aware of these weaknesses, and that they have been taken into account to ensure that the study still remains valid.

Firstly, the results of this study are unique to Indian retailers situated in the previous Group Areas of Pietermaritzburg and may not be applicable to other businesses, including retailers, manufacturers, and service businesses, situated outside the area in question. However, it is important to note that there seems to be external validity with studies that have been conducted previously, as reported in the section on external validity.

Secondly, the concept of 'growth' was used for 'success' in that much of the literature used addresses the issues of success in business. This is because much of the literature tends to refer to 'growth' and 'success' as interchangeable concepts. In support of substituting the term 'success' for 'growth', Walker (1988) highlights five growth stages of which one is success. In addition, Peters & Waterman (1982) and Goldsmith and Clutterbuck (1984) also use growth in defining success. However in an attempt to avoid bias by substituting 'success with 'growth', respondents were also given an opportunity to address other factors (which could have been included under 'general' in the questionnaire) which they thought helped them to explain the growth of their small businesses.

Thirdly, out of the 67 businesses studied, there were only four in the category high growth, and had not only survived but also

displayed high levels of success and growth. They had large staff compliments, numerous branches, and high inventory levels. The differences between the high and medium growth businesses were too great to combine these two groups. Hence, high growth businesses were looked at as a separate category. It was felt that by excluding these high growth firms on the basis of small numbers would have deprived this study of an important perspective, particularly from the point of view of the qualitative information obtained in the semi-structured questionnaire from respondents in high growth businesses.

Fourthly, the merits of the various factors, taken from the literature and included in the questionnaire are not disputed but taken on face value. The objective of this research, after all, was to determine the perception of Indian retailers in the previous Group Areas of Pietermaritzburg on the importance of these factors, which are widely used in the literature, to the growth of their businesses and not enter into philosophic debate as to their logical or semantic relevance.

Fifthly, it would have been preferable to present the results according to type of business, however, due to respondents being promised confidentiality, and the fact that certain categories only included one business, anyone familiar with the Pietermaritzburg area would have easily been able to identify the business by name and thus undermine confidentiality and the integrity of the author.

Sixthly, the Chi-square test could not be used for high growth firms, because the expected frequency in each cell was less than 5 and therefore, did not satisfy the general rule for conducting such a test, as specified by Malhotra (1996).

Seventhly, the major disadvantage of the Likert scale used was that it restricted responses. However, this limitation was offset by using a semi-structured questionnaire (qualitative study) so as to allow respondents an opportunity to provide more information.

Eighthly, there were limited sources of information on the history of small Indian retailers and Indian trade in South Africa. Therefore, certain facts were repeated more frequently in order to support discussion and argument.

#### 9. SUGGESTIONS FOR FUTURE RESEARCH

This section deals with possible extensions of the current work. Firstly, as pointed out earlier, businesses studied did not want to provide financial information which was regarded as strictly confidential. However, if financial information could be obtained without coercion, this would have helped to measure more accurately the issue of growth and even business success. If there is a any legitimate way of obtaining financial information on Indian retailers, an important comprehensive study could be conducted on business success with perhaps even more emphatic 'objective' findings than was possible in this study.



Secondly, similar studies could be conducted amongst Indian-owned businesses operating in the service and manufacturing sectors in South Africa.

Thirdly, this type of study could be replicated amongst other race groups that were disadvantaged by Apartheid legislation.

Finally, it would be worthwhile conducting a similar study on a other small businesses in Pietermaritzburg to ascertain whether the findings hold true for small businesses in general in the greater Pietermaritzburg metropolitan area and further afield.

## SELECTED REFERENCES

- Arkin, A.J. , The Contribution of Indians to the South African Economy, PhD Thesis, University of Durban Westville, 1981.
- Bamberger, I., Portfolio Analysis for The Small Firm, Long Range Planning, Vol. 16, No. 6, 1982, pp. 49-57.
- Bbenkele, E.C.K.C., Understanding Consumer Behaviour in Less Developed Countries: An Empirical Investigation of Brand Loyalty in Zambia, PhD Thesis, University of Stirling, Scotland, 1986, pp.182-221.
- Bhana, S. & Brain, J., Setting Down Roots - Indian Migrants in South Africa, Witwatersrand University Press, Johannesburg, 1990.
- Carson, D. et.al. , Marketing and Entrepreneurship in SMEs, Prentice Hall, London, 1995.
- Chaganti, R. & Chaganti, R., A Profile of Profitable and not so Profitable Small Businesses, Journal of Small Business Management, July, 1983
- Clifford, D.K., and Cavanagh. R.E., The Winning Performance: How America's High-Growth Midsized Companies Succeed, Sidgwick and Jackson, 1985.
- Cooper, A.C., Strategic Management: New Ventures and Small Business, Long Range Planning, Vol.14, No.4, 1981, 39-45
- Cook, T & Campbell, D., Quasi Experimentation : Design and Analysis for Field Settings, Rand and McNally College Publishing Company, Chicago, 1979.
- Ginwala, F., Indian South Africans - Minority Rights Group International Report, March, 1992.
- Goldsmith, W. and Clutterbuck, D., The Winning Streak, Britain's Top Companies Reveal Their Formulas for Success, Weidenfeld & Nicolson, 1984.
- Hankinson, A., Small Firms: The Training Problem, Industrial & Commercial Training, Vol. 23, No. 4, 1991.
- Hills, G.E. & Narayana, C., Profile Characteristics, Success Factors and Marketing in Highly Successful Firms, Frontiers of Entrepreneurship Research, Wellesley, Mass Babson College, 1990, pp. 69-80
- Hooley, G.H., and Lynch, J., Marketing Lessons from U.Ks High Flying Companies, Journal of Marketing Management, Vol. 1, No. 1, Summer, 1985

- Hodgetts, R.M. & Kuratko.D.F., Effective Small Business Management, Fifth Edition, Harcourt Brace, 1995
- Malhotra, N.K., Marketing Research - An Applied Orientation, Prentice Hall, New Jersey, Second Edition, 1996.
- McBurnie, A. & Clutterbuck, D., The Marketing Edge, Penguin Business Books, 1988.
- Murphy, C., Flags Unlimited: The Unfurling of a Family Business, Canadian Business, 1986
- McKinsey & Co, The Winning Performance of Midsized Growth Companies, American Business Conference, May, McKinsey & Co, London, 1983.
- Onions, R., Making Small Fortunes, RSA Journal, May, 1995, pp.20-32.
- Ormond, K, Masters Dissertation in Small Business, 1991, University of Natal, Pietermaritzburg
- Palmer, M., The History of Indians in Natal, Greenwood Press, Westport, Connecticut, 1977.
- Peters, T.J. & Waterman, R.W., In Search of Excellence, Harper & Row, 1982
- Radder, L, The Marketing Practices of Independent Fashion Retailers: Evidence From South Africa, Journal of Small Business Management, Vol. 34, No.1, Jan 1996, pp.78-84
- Rennie, A.J. , The Settlement Patterns and Economic Activities of Indians in Nineteenth Century Pietermaritzburg, B.A. (Hons) Thesis, University of Natal, Pietermaritzburg.
- Scholtz, C, Factors Influencing the Success of Certain Small Manufacturing Engineering Businesses, MBA Thesis, University of the Witwatersrand, Johannesburg, 1986
- Schoeffler, S, Buzzell, R.D., and Heaney, D.F., Impact of Strategic Planning on Profit Performance, Harvard Business Review, March/April, 1974, pp.137-145
- Steiner, M and Solem, O., Factors for Success in Small Manufacturing Firms, Journal of Small Business Management, January, 1988, pp.651-656.
- Walker, l., In Search of Success, Entrepreneur, January, 1988, p.5
- Takeuchi, H. & Quelch, J.A., Quality is More than Making a Good Product, Harvard Business Review, Vol.61, No. 4., July/August, 1983

# APPENDIX

SURVEY INTO KEY GROWTH FACTORS OF INDIAN BUSINESSES IN

THE PREVIOUS GROUP AREAS OF PIETERMARITZBURG

Business Name:

Type of Business:

Age of Business:

Good morning/afternoon. My name is Sanjay Soni and I am studying for a masters degree at the University of Natal Pietermaritzburg. The aim of my study is to ascertain the key factors which have been responsible for the growth of Indian businesses in Pietermaritzburg. I would appreciate it if you could answer some basic questions to assist me in my study. I want to assure you that the information I get from you will be treated in the strictest of confidence and the name of your business **will not be used** in the study. To allay any fears, here is my university identity card and a letter from my Head of Department showing clearly that the intention of this research is purely for study purposes.

PART 1

Questions 1-4 would qualify the respondents for inclusion in the study. That is, they must be:

- a. small
- b. retailers
- c. have survived for at least three years during Apartheid
- d. have exhibited some sort of growth

If the respondents answer 'yes' to all of questions 1-4, they will be included in the study for further study. However, if respondents answer 'no' to any one of the questions below, they are thanked for participating, but not included for further study.

QUESTION 1

Ascertain if the business is small. (Clarify according to SBDC definition ie. independenly owned, managed, free from outside

control, and managed in a personalised way).

QUESTION 2

Ascertain if the business meets the 3 year in existence (during Apartheid) time requirement.

QUESTION 3

Ascertain if the business is a retail establishment.

QUESTION 4

Ascertain the growth stage of the business using Hatten's (1997) and Walker's (1988) models.

PART 2

If respondents qualify for inclusion in the study they are questioned further.

QUESTION 1

When did you start your business?

QUESTION 2

How and why did you start the business? Was it motivated by something, someone, etc.?

QUESTION 3

Where did you get the capital to start the business? Were there any problems experienced in this regard?

QUESTION 4

When you started the business, did you employ any staff? If staff were employed, during what period were they employed (immediately after starting the business, a year after, etc.?). Were your staff related to you?

QUESTION 5

Have you had any business experience before? If so, briefly summarise this experience.

QUESTION 6

Provide brief details of your educational background (qualifications, etc.) and other relevant experience.

QUESTION 7

How has your educational background or previous experience played a role in the success of your business?

QUESTION 8

What do you understand by the term 'growth' in business? Explain.

QUESTION 9

What problems did you experience in running a small business during the pre-Apartheid and post-Apartheid period? (Clarify what is meant by small business and help respondent by mentioning factors, eg. too many regulations, problems in raising finance, etc., which have been known to hinder the progress of small business generally in South Africa).

QUESTION 10

How did you overcome the problems mentioned in the previous question?

QUESTION 11

In your line of business, what would you say determines growth? Why? (Get the respondent to explain clearly which factors have been responsible for his/her business's growth and why?)

QUESTION 12

In your opinion, are there any other businesses which have exhibited growth because of the factors mentioned above? Explain. (Probe as to whether those mentioned were similar or different businesses).

QUESTION 13

Many books state that in order for a business to do well it needs to be marketing oriented. (Explain to the respondent what is meant by marketing orientation). Probe into whether the business:

- a. is customer oriented
- b. service oriented
- c. thinks about customer needs
- d. does market research to determine customer needs
- e. stocks products with customer needs in mind

QUESTION 14

If you look at small businesses that has exhibited growth, do you think that effective marketing has played an important role in their growth? Why? (For possible clarification, explain to the respondent what is meant by marketing, the 4 ps concept, etc.)

QUESTION 15

How important a role has marketing played in the growth of your business during both the pre and post-Apartheid periods? Explain. (For possible clarification, explain to the respondent what is meant by marketing).

QUESTION 16

What religion, tradition or cultural group do you belong to? (Get the respondent to explain the teachings of his/her religion, culture, and tradition).

QUESTION 17

How significant a role has your religion, tradition or culture played in the growth of your business? If your religion, tradition, or culture has played a significant role in the success of your business, explain why and how?

QUESTION 18

In your opinion, has your religion, tradition or culture impeded the growth of your business in any way? Please elaborate.

QUESTION 19

Have you had any business disasters/setbacks? Probe reasons/factors responsible if any.

**Thank you very much for your participation and valuable insight.**

.



SURVEY INTO KEY GROWTH FACTORS OF INDIAN OWNED SMALL

BUSINESSES IN THE PREVIOUS GROUP AREAS OF PIETERMARITZBURG

This is the second part of my study and I should appreciate it if you would take a few minutes in responding to the questionnaire below.

**QUESTION**

How important a role have the following factors played in the growth of your business? Please answer this question according to the following scale :

- Very Important = 5
- Important = 4
- Neither Important nor Unimportant = 3
- Unimportant = 2
- Very Unimportant = 1

Factors	Very Important	Important	Neither Important nor Unimportant	Unimportant	Very Unimportant
<b><u>A. PERSONAL FACTORS</u></b>					
Hard work					
Honesty					
Common Sense					
Initiative and responsibility					
Tolerance					
Learning from failure					
Believing in yourself					
High achievement drive					
Persistence					
Commitment					
Involvement					
<b><u>B. MANAGEMENT FACTORS</u></b>					
Specialisation					
Diversification					
Being a generalist					
Focusing on opportunities					
Management skills					
Flexibility					
Avoiding changing markets					
Focus on high growth markets					
Planning					

Factors	Very Important	Important	Neither Important nor Unimportant	Unimportant	Very Unimportant
<u>MANAGEMENT FACTORS ...CONTD.</u>					
Good objectives					
Taking calculated risks					
Record Keeping					
<u>C. FINANCIAL FACTORS</u>					
Keeping costs low					
Adequate capital					
Cash management					
<u>D. TECHNICAL FACTORS</u>					
Knowing how to do the job					
Formal business education/training					
<u>E. MARKETING FACTORS</u>					
Knowledge of business and market					
Scarce/no competition					
A belief in innovation					
A belief in superior quality and service					
Positive marketing attitude					
Market niche (clarify)					
Market Research					
Product quality					
Promotion					
Price					
<u>F. OTHER FACTORS</u>					

THANK YOU FOR YOUR CONTRIBUTION.

Terms used in the questionnaire (structured) and their Clarification

a. The personal factor terms used can be clarified as follows:

Hard work : doing business-related things for more than eight hours a day, taking work home, coming to the shop on Sundays

Honesty: telling customers about the drawbacks of the products being sold by the business, paying the correct tax, and not over promising

Common sense : selling products that customers want, keeping overheads lower than turnover

Initiative & Responsibility: being ambitious, making the first move to solve problems, and being accountable.

Tolerance: being patient, being able to withstand business pressure

Learning from failure: making sure not to repeat mistakes made in the business or other businesses

Believing in Yourself : Being confident in your abilities and capabilities

High Achievement Drive : want and need to get things done, action oriented, gauge performance based on results - Hodgetts & Kuratko (1995)

Persistence: determined to get things done

Commitment : devoted and dedicated to the business and market

Involvement: self explanatory

b. The management factor terms used can be clarified as follows:

Specialisation: selling a specific type of product, excelling in one particular functional area

Diversification : moving from one business to another unrelated business

Being a Generalist :performing all/virtually functions of the business oneself

Focus on opportunities: concentrate on customer needs and unsatisfied needs

Management skills: good at motivating staff, controlling expenses, doing things to direct the business positively in the market

Flexibility : can adapt easily to changes

Avoiding changing markets: self explanatory

Focus on high growth markets: self explanatory

Planning : setting goals and deciding what to do to achieve the set goals

Good objectives: knowing what you want

Taking calculated risks: thinking carefully before taking any chances

Record keeping: keeping control of expenditure, keeping accounting records and registers

c. The financial factor terms used can be clarified as follows:

Keeping costs low : self explanatory

Adequate capital: having enough money/finance

Cash management : keeping records and exercising control over finances

d. The technical factor terms used can be clarified as follows:

Knowing how to do the job : self explanatory

Formal business education training: possessing a business qualification ie. diploma, degree

e. The marketing factor terms used can be clarified as follows:

Knowledge of business & market:	knowing the business and what customers want
Scarce/no competition :	self explanatory
A belief in innovation: and new products	believing in new approaches to doing things
A belief in superior quality and service:	believing in excellent customer satisfaction and value, by being helpful, friendly, and providing benefits to customers
Positive marketing attitude:	being customer oriented
Market niche :	being part of a unique business which bigger businesses are not in
Market research :	getting information on customers to be used in making marketing decisions
Product quality :	offering products that satisfy customer needs
Promotion :	communicating with customers in order to influence them to buy your products. Including advertising, selling, publicity, etc.
Price:	self explanatory

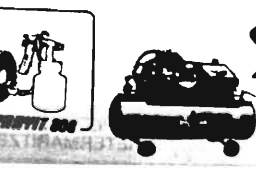
Source: Pietermaritzburg Telephone Directories

# DYNO-MECH

331) 7 1357/8/9  
331) 7 1090

Quality Chassis and Unit Rebuilders

15 Willowton Road  
PO Box 2473, Pietermaritzburg



## AUTO & GENERAL SUPPLIES

Tel (0331) 45 1428 • 45 1454 • 45 7666  
PO BOX 8044, CUMBERWOOD 3235  
420 BERG STREET, PIETERMARITZBURG 3201  
BRANCHES: DURBAN, NEWCASTLE, RAISETHORPE

Wholesale Distributors of  
Automotive and  
Industrial Paints,  
Spraying Equipment  
Compressors, Air Tools  
and Panel Beating Tools



Stockists of a full range of  
Airline Fittings and Accessories



# Community Pharmacy



, Veejay Centre  
Community Hall Road  
ands

## Your Health Care Centre

Mon - Fri 10 am - 1 pm / 3 pm - 8 pm

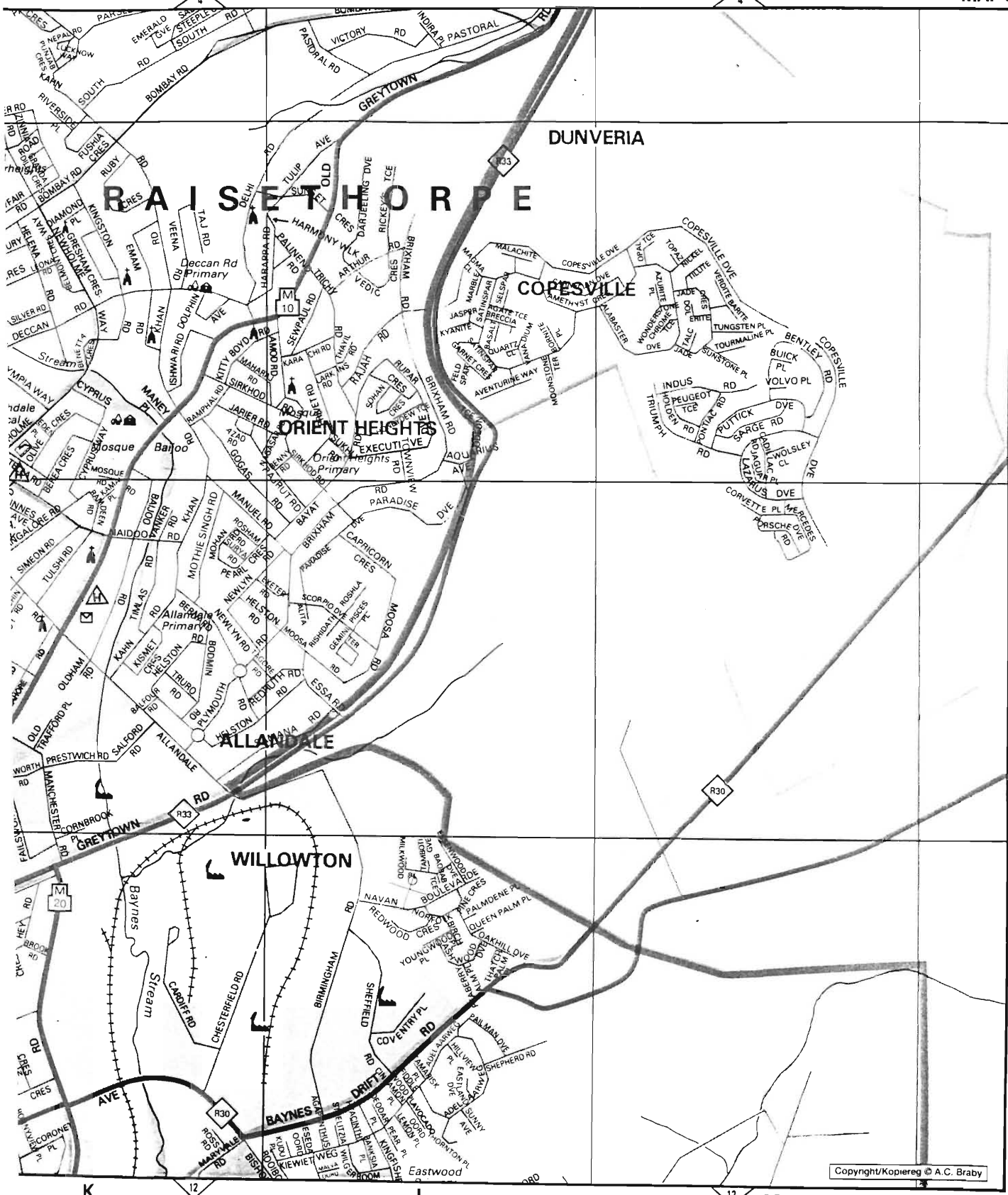
Sat 9 am - 3 pm

Closed Sundays and Public Holidays

TEL (0331) 7 3607

A/H 91 2722

MAP 8



Copyright/Kopiereg © A.C. Braby



(0331) 94 0505

# PHIL-TRONICS

— A VIEW TO SERVICE —

REPAIRS TO ALL MAKES OF TVs, VIDEOS, HI-FIs, RADIOS & MICROWAVES  
SPECIALISTS IN AERIAL INSTALLATIONS AND REPAIRS

SHOP 7  
DIBSON'S CORNER  
457 LONGMARKET STREET  
(NEXT TO RAM'S FLOWER MARKET)

