



A study on business strategies adopted by small to medium enterprises in the greater Durban area

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*A research project submitted to the Graduate School of Business and Leadership,
College of Law and Management Studies, University of KwaZulu-Natal, in partial
fulfilment of the requirement for the degree of
Master of Business Administration*

22 June 2016

ACKNOWLEDGEMENTS

All praise to Almighty God for giving me the ability and strength to embark and complete this research report.

A sincere thanks to my mother for believing in me, encouraging me and supporting me, morally, financially and spiritually in the achievement of this goal, as she has done throughout my life and career as well as my father for his support and prayers.

I'd like to thank my family for their sacrifices and patience throughout this journey. Special thanks goes to my wife Salma who was always by my side providing support, motivation, tears and laughter throughout. Her strength in times of adversity was the pillar and foundation throughout this journey.

A vote of thanks to all the respondents that participated in this study and contributed their time and effort to provide the necessary input required to perform this study. The fundamental outputs of this research would not have been possible without their participation.

In addition, I would like to thank Janine Upton for her assistance on the data analysis through the use of Nvivo 10.

Finally, I would like to thank my supervisor, Dr. Dhanesh Rampersadh, for his guidance in the compilation of this research report. He provided valuable input and advice that facilitated a smooth execution of this study.

ABSTRACT

Companies today operate in volatile markets. The risk of small business failure is high. In order to survive, organisations need to have a well thought out business strategy. The principle purpose of this study is to determine whether effective business strategies exist for small and medium enterprises, also referred to as “SME’s” in the greater Durban area and to determine if these strategies contribute to the success of the organisation. The research also investigated if these strategies consist of the principles of competitive business strategies founded by Michael Porter.

The research problem identified is that many small to medium businesses may not have adequate or comprehensive competitive business strategies that can adapt to varying economic conditions. Economic conditions change and fluctuate from time to time due to various changes in market conditions and businesses need to maintain adequate strategies to address these varying conditions. Small to medium businesses that lack adaptable strategies are often forced to close their doors resulting in job losses, loss of income and reduced contribution to the economy’s Gross Domestic Product. This phenomenon translates to higher unemployment and poverty in South Africa.

The objective of this study was to conduct research to identify the types of business strategies that are adopted by SME’s in the greater Durban area as well as whether there is a link between the strategy of the business and its success. The research design was a qualitative exploratory study of businesses situated in Durban and surrounding areas.

The findings identified common themes prevalent within a sample of SME’s. The type of competitive strategy used was also established. This, together with a SWOT analysis contributed to establishing that a strategic link to business success exists.

KEYWORDS

Business strategy, market, cash, stock, low cost, differentiation

TABLE OF CONTENTS

1. Introduction	3
1.1 Rationale for the Study.....	3
1.2 Statement of the Research Problem	5
1.3 Justification of the study	5
1.4 The Purpose of the study	6
1.5 Objectives of the study.....	6
1.6 Research Questions	7
1.7 Assumptions made in the study	7
1.8 Delimitations of the study	8
1.9 Significance of the study	8
1.10 Abbreviations	9
1.11 Summary.....	9
2. Literature Review	10
2.1 Introduction	10
2.2 The City of Durban	10
2.3 Small and Medium Enterprises	11
2.4 What is Strategy?.....	13
2.5 Types of strategies.....	15
2.5.1 Michael Porters Competitive Strategies	15
2.5.2 Blue Ocean vs Red Ocean Strategies	20
2.6 Features of an effective SME business strategy	21
2.7 Challenges faced by SME's	24
2.8 Strategies in recessionary times	25
2.9 Summary.....	30
3. Design and Methodology.....	32
3.1 Introduction	32

3.2 Purpose of the study	33
3.3 Research paradigm (philosophy) and approach	33
3.4 Research Design	34
3.5 Target Population and Sample Size.....	36
3.6 Instrumentation, measurement and data collection.....	37
3.7 Procedures.....	41
3.8 Data analysis	42
3.9 Ethical concerns.....	43
3.10 Limitations.....	45
3.11 Summary.....	45
4. Analysis of data, discussions and interpretation of findings	46
4.1 Introduction	46
4.2 Thematic analysis of qualitative data	47
4.3 Word frequency and tag clouds	48
4.4 Tree Map.....	48
4.5 Core Themes Identified.....	53
4.6 Competitive strategies identified	73
4.7 Swot Analysis.....	77
4.8 Strategic link to Business Success	79
4.9 Other Findings – secondary themes	80
4.10 Summary.....	83
5. Results, Conclusions and Recommendations	84
6. References.....	91
Appendix 1 – Qualitative instrument – Interview schedule	97
Appendix 2 – Recommendations Node.....	105
Appendix 3 – Ethical clearance approval letter	123

1. INTRODUCTION

1.1 RATIONALE FOR THE STUDY

Tse and Soufani (2003) in their research on business strategies of small firms have found that the small business sector make up the majority of businesses found in industrialised countries and these organisations are considered to be an important part of the economy. Tse and Soufani (2003) have found that small business contribution to employment creation, innovation and to the economy in general is widely recognised. Small businesses are, however, impacted by various fluctuations in market conditions that affect their continuity and sustainability.

Macroeconomic factors constitute a significant contributory variable to the economic environment. Global shortages of natural resources and the instability of oil prices, coupled with the volatility of the South African Rand against foreign currencies have contributed to an unpredictable economy that South African businesses, amongst others operate in. According to a recent study by the World Bank Group (Baffes, et al., 2015), oil prices have halved since 2014. Over the past five years, the South African Rand has depreciated by 133% from trading at R6.77 to the US Dollar in 2011 to R15.81 to the US Dollar in 2016 (Business Tech, 2016). Statistics available by the South African Reserve Bank (2016) indicates that the Consumer Price Index is currently at 6.2%. These factors, amongst others have resulted in significant fluctuations and uncertainty in global and national GDP, inflation and policy decisions which ultimately impact small and medium businesses.

Consumers, on the other hand are faced with many challenges on a daily basis, e.g. the high cost of living through high interest rates, currently at 10.5% (South African Reserve Bank, 2016) , high unemployment as well as high costs of basic food items due to inflation. Recent statistics of the quarterly labour force survey for Q1 of 2016 indicated that the South African unemployment rate was currently 26.7% with the province of KwaZulu-Natal being 23.2% (Stats SA, Q4 2016). The high cost of education, transport, fuel etc. amongst others also results in the income of consumers diminishing on a monthly basis. These factors have put a burden on the consumer to

spend wisely through supporting organisations and businesses that offer the best value for money.

Fulford and Rizzo (2012) in their study on understanding small business strategy mention that a common argument for small businesses is that there is no strategy. Many small to medium businesses operate without a documented business strategy and this can be detrimental when there is a shift in economic activity from a market boom to a recession. Small businesses competing against large global multinationals is likened to the ancient battle of David vs Goliath. In order for SME's to outmanoeuvre and outsmart their larger rivals, they have to strategise effectively and execute flawlessly. In addition, SME's also compete with other SME's to gain market share in today's competitive market environment.

Unfortunately, many SME's may not know how to adapt their business model to a change in market conditions and this can lead to these businesses not being profitable and having to ultimately close their doors. Cronin-Gilmore (2012), in conducting research on marketing strategies in small business has found that nearly 50% of small businesses close down within the first five years. SME's also play a vital role in creating employment. Research conducted by the Edinburgh Group (2012) indicates that SMES constitute 95% of enterprises worldwide and contribute 60% of private sector employment.

Tse and Soufani (2003), in their article "Business strategies for small firms in the new economy" indicated that there appears to be a link amongst the new economy, new technology and the way small businesses formulate their strategy. In addition Weber, Geneste and Connell (2015) have found that small business growth strategies are destined to fail if small businesses do not grow their business. Possibly due to the lack of effective strategy development at the onset of the formation of the company, many small businesses may not have a sustainable plan or strategy to counter changes in economic conditions resulting in ultimate failure to the organisation.

Hence, the importance of the small and medium business and its contribution to the economy cannot be over emphasised. This study investigates whether SME's adopt

sustainable business strategies in order to operate and survive volatile economic conditions and gain a competitive edge in the market.

1.2 STATEMENT OF THE RESEARCH PROBLEM

This research project is about:

1. Establishing whether small to medium enterprises (SME's) in the greater Durban area have adaptable and effective business strategies to counter varying economic market conditions and how often do management review and assess these strategies.
2. Determining if these strategies are robustly designed and whether they contain features and characteristics of any of the generic competitive strategies (strategies that were developed by Michael Porter and subsequently enhanced).
3. Understanding whether the success of the business is guided by the organisational strategy.

1.3 JUSTIFICATION OF THE STUDY

As reported by Cronin-Gilmore (2012), a large number of small to medium businesses close down on an annual basis and this is a cause for concern. The low rate of success of these businesses indicates that there may be fundamental flaws in the way these businesses commence trading, and this could be as a result of incomplete and poorly developed business strategies resulting in a lack of strategic direction for the organisation.

There appears insufficient literature and research performed that focuses on the strategies adopted by small to medium businesses in the greater Durban area. There is a need to further research this area of business to fill the gaps in current research through understanding the content of business and competitive strategies, if any, that are adopted by SME's in Durban. This study will create new knowledge in respect of SME business strategies for companies operating in the Durban area.

This research will provide business owners the opportunity to understand the importance of business strategies and the possible link between maintaining an adequate business strategy and the businesses success in varying economic conditions in Durban. It will also assess the relevance of the generic competitive business strategies in SME's. This study could come to the assistance of small to medium businesses in Durban that were destined to fail but can now apply the findings of this research and formulate a workable strategy that will contribute to the success of the business. This research will ultimately benefit stakeholders such as business owners, local government, the workforce and consumers.

1.4 THE PURPOSE OF THE STUDY

The purpose of this study is to qualitatively explore whether SME's in the greater Durban area have developed robust business strategies. The intent was to assess the adequacy of business strategies that have been developed by SME's and to determine whether these strategies contain the characteristics of generic strategies as developed in the early 1980's by Michael Porter, and whether these strategies are frequently reviewed and amended to address changes in the economic environment.

Through conducting interviews, the views and opinions were collected from small and medium enterprise business owners situated within the greater Durban area and analysed. This study was limited to a sample of SME's in the Durban and surrounding area and focussed on the adequacy and effectiveness of their business strategy.

1.5 OBJECTIVES OF THE STUDY

The objectives of this study were:

1. To establish whether small to medium enterprises (SME's) in the greater Durban area have adaptable and effective business strategies that assists the organisation to counter varying economic conditions that they will encounter

during the life of the business and to identify how often management review and assess these business strategies.

2. To determine if these strategies are robustly designed and whether they contain features and characteristics of any of the generic competitive strategies developed by Michael Porter.
3. To understand whether the success of the business is guided by the organisational strategy.

1.6 RESEARCH QUESTIONS

This research study intended to address the following questions:

1. What are the views of small to medium business owners and executives situated in the greater Durban area regarding business strategies and their importance to countering varying economic conditions?
2. Are SME business strategies comprehensively developed and how often are these reviewed and updated and do these strategies take into account the principles of the generic strategies founded by Michael Porter?
3. Is there a link between the business strategies of small to medium enterprises and the success of the organisation in volatile market conditions?
4. How do the views of SME business owners and executives contribute to a more comprehensive understanding of business strategies and its contribution to the success of the organisation?

1.7 ASSUMPTIONS MADE IN THE STUDY

The following are the key assumptions made in conducting this research study:

1. Small to medium business owners will be willing to be interviewed and accommodate the interviewer and they will disclose relevant information relating to their business strategy without prejudice.
2. Small to medium business owners interviewed will act with honesty and integrity and provide truthful answers.

3. There is a likelihood that factors that affect the sample of SME's interviewed in Durban may affect other SME's in Durban due to all of these companies operating in the same challenging economic climate and geographic location.

1.8 DELIMITATIONS OF THE STUDY

This study focused on business strategies of small to medium enterprises in the greater Durban area. The study has been limited to this geographic region due to the large number of SME's situated in this region. The study did not go beyond the designated location as there are different economic conditions affecting other provinces in South Africa, e.g. the price of fuel is higher in Gauteng when compared to KwaZulu-Natal (Engen, 2016). According to research conducted by Business Tech (2015) salaries of employees in Gauteng are on average 23% higher than their counterparts in KwaZulu-Natal. These differential factors have contributed to the study being limited to Durban and surrounding areas.

This study concentrated on business strategies at the corporate level in regards to its existence, its theoretical framework as well as its contribution to SME success, e.g. to determine if these organisations do possess tailored strategies, and if so, are these well documented and comprehensive in nature and do these strategies contribute to the success of the business. The study did not go further to analyse the detail, e.g. Vision, Mission and Key Performance Indicators of strategies developed by organisations. This level of analysis is beyond the scope of this study.

1.9 SIGNIFICANCE OF THE STUDY

The expected outcome derived from this study is an understanding of the effectiveness of business strategies developed and adopted by small to medium enterprises in the greater Durban area. The outcome indicates whether these strategies are robustly designed and whether they are based on theoretical generic competitive strategies founded by Michael Porter. In addition, it establishes whether competitive strategies form an integral part of the core business strategy of small to medium enterprises, are

they adaptable and whether there is a link between the SME strategy and the success of the business, especially in volatile markets.

This research will be a contribution to knowledge through the identification of common themes and outcomes. The study will benefit business owners in Durban and surrounding areas who will now be able to access information and gain an understanding of characteristics of successful business strategies that can be factored into their existing strategies.

1.10 ABBREVIATIONS

GDP	Gross Domestic Product
IDP	Integrated Development Plan
OECD	Organisation for Economic Co-operation and Development
SA	South Africa
SME	Small and Medium Enterprise
SWOT	Strengths, Weaknesses, Opportunities and Threats
USAID	United States Agency for International Development
UNIDO	United Nations Industrial Development Organisation

1.11 SUMMARY

This chapter provided the background to the study, indicating amongst others, the purpose, objectives and research questions that will be answered in relation to business strategies in Durban. However these cannot be addressed in isolation. The next chapter seeks to analyse the relevant body of past literature applicable to the field of research that provided valuable input into the theory and concepts of SME strategy, when interpreted in conjunction with the findings of this study.

2. LITERATURE REVIEW

2.1 INTRODUCTION

In today's business environment, organisations are operating in a very competitive and challenging market. Tough trading and economic conditions have forced companies to operate cautiously and tread carefully. Customers have access to advanced communications and computing technology, as well as global trading platforms empowering them with more choices (Teece, 2010). This has forced businesses to think of innovative ways of strategizing to maximize market shares, increase revenue and profits as well as continue their fight for survival. However, in achieving success, it is to be determined whether businesses follow the teachings and theory of past strategic historians like Michael Porter or other great business leaders.

Do SME's specifically have a tailored strategies that guides them through the ever changing and unpredictable economic climate? In this chapter, we look at various literatures published that are relevant to SME business strategies as well as competitive strategies to determine whether companies similar to those explored in this study have adequate strategies or similar mechanisms that lead the organization.

2.2 THE CITY OF DURBAN

This study explores strategies of small and medium enterprises located in Durban, South Africa. The City of Durban is situated on the east coast of Southern Africa and has a population of 10 267 300 (Stats SA, 2016). It forms part of the province of KwaZulu-Natal which contributed 16.1% to national GDP at the end of 2014 (Stats SA, 2014). The city is home to one of the busiest ports in Africa as well as has a strong manufacturing and agricultural business sector (Mail and Guardian, 2015). It also boasts various tourism attractions, e.g. safe beaches, Ushaka marine world and the world class Moses Mabhida stadium developed initially to host the 2010 Soccer World Cup.

The city has submitted and won the bid to host the 2022 Commonwealth games making it the first country in Africa to do so. This sporting event is expected to create a significant number of jobs as well as generate approximately R20 billion into the economy (eThekweni Municipality, 2014-2015, Annual Report).

The city has also developed a state of the art aerotropolis known as Dube Tradeport which is home to King Shaka International Airport. Durban is poised for economic growth and job creation over the next fifteen to twenty years with further developments to Port infrastructure, tourism and information technology. (eThekweni Municipality, 2014-2015, IDP).

About 65% of the contribution to the KwaZulu-Natal economy is generated in Durban with Durban having a strong footing in the manufacturing and agribusiness as well as one of the most award winning electricity distribution networks (Mail and Guardian 2015).

Currently, the city has a mix of business enterprises from leading global multinationals, a spectrum of manufacturing industry leaders to various small businesses and multicultural informal traders. As the unemployment rate in South Africa continues to increase in post-apartheid South Africa, a growing number of people are turning to the informal sector for work and employment. In South Africa, similar to other developing countries, the (urban) informal economy accounts for a significant share of the labour force. The informal sector has become an important part of the economy of Durban (Sidzatane and Maharaj, 2014). Durban has huge potential and sufficient infrastructure to further develop small and medium enterprises that will contribute to job creation and economic activity in South Africa.

2.3 SMALL AND MEDIUM ENTERPRISES

This study focuses on Small and Medium Enterprises, more commonly known as SME's. One of the most common criteria to define SME's according to Grabara, Dima and Okwiet (2012) is through employment according to the number of employees employed.

They have found that small and medium enterprises in general take into account the following type of companies:

- the owner is often the manager (or group of persons), which eliminates complex administrative and bureaucratic structures and they have small market share;
- the company employs a small number of employees and have relatively low capital contribution;
- in practice, most common criteria used includes the average number of employees, the average size of income and the value of fixed assets.

Their report further defines company categories as summarized in Table 1 below:

	Definition
OECD	Micro – firm with 1-4 employees Very small – firm with 5-19 employees Small – firms with 20-99 employees Medium – firms with 100-500 employees
USAID in the 1990s	Firms with less than 50 employees
UNIDO's Definition for Developing Countries	Large – firm with 100+ workers Medium – firms with 20-99 workers Small – firms with 5-19 workers Micro – firms with < 5 workers
UNIDO's Definitions for Industrialized Countries	Large – firms with 500+ workers Medium – firms with 100-499 workers Small – firms with <99 workers

Table 1: Criteria of SME's

Source: *Dima, Grabara and Okwiet (2012)*

For the purpose of this study, an SME is defined as an organization with a workforce of 1 to 500 employees. This caters for companies that are experiencing growth but are not considered too large in size. The importance of the contribution of SME's to any economy can never be understated. Blackburn, Hart and Wainwright (2013) have reported that SME's accounted for 99.9% of all enterprises in the UK economy in 2011, as found by the Department of Business Innovation and Skills. They have also investigated the factors that influence the performance of small to medium enterprises

in the United Kingdom and the results of their research indicated that factors that dominate performance and are more important than strategy are the size and age of the enterprise.

Co (2004) in research conducted via a comparative study on SME's in South Africa and the Philippines has found that the promotion of SMEs is an important strategy for economic development for many countries and despite there being differences in institutional environments, entrepreneurs still succeed. They have found that in developing countries, there has been an increase in the rates of business start-ups, despite the challenges in sourcing financing, the effect of inflation, high regulated taxes, crime, theft and corruption.

It is expected that an SME with a tailored and well developed strategy will be more successful in terms of profitability than those businesses that do not adopt competitive strategies largely due to the fact that businesses that have a robust, well defined and adaptable strategy have created a strategic vision and direction for the organization based on a well thought and planned approach to business. This strategic approach will enable the business to counter changes in market conditions and will contribute to the success of the business despite these varying market conditions and challenges that the organization will encounter.

2.4 WHAT IS STRATEGY?

Strategy has evolved over the last decade. Casadesus-Masanell and Ricart (2010) have narrated that organisations have learnt to interpret their competitive environment, identify their position and develop corporate and competitive advantages that better enable them to understand how to remain advantageous in the face of threats and competitive challenges. Firms are thus better prepared on how to develop a robust strategy in current society. They have also found that technological change, globalization and deregulation (amongst others) are drastically changing the competitive playing field and firms that have taken advantage of these structural changes and innovated their business models compete differently and are fast growing.

Strategy has been given various definitions by scholars largely dependent on the context in which it is used. The Oxford online dictionary simplifies it as “a plan of action designed to achieve a long term or overall aim”. Hough, et al. (2011) define strategy as “management’s action plan for running the business and conducting operations.” They expanded the meaning to indicate that “a company’s strategy is all about how – how management intends to grow the business, how it will build a loyal clientele, and outcompete rivals, how each functional piece of the business (research and development, supply-chain activities, production, sales and marketing, distribution, finance, and human resources) will be operated, how performance will be boosted.”

However Pisano (2016) views strategy as “nothing more than a commitment to a set of coherent policies aimed at achieving a specific goal.” He further elaborates that alignment is promoted among diverse groups within an organization through good strategies thus leading to clarified priorities and objectives.

As reported by Casadesus-Masanell and Ricart (2010), strategy is often defined as a contingent plan of action designed to achieve a specific goal. They further cite Caves and Ghemawat who expand the definition that an essential element of strategy is the set of ‘committed choices’ that management make with reference to Michael Porter who stated similarly that “strategy is the creation of a unique and valuable position, involving a different set of activities”. Their research closely links the strategy of an organization to its business model.

Strategy also refers to an organisations choice of business model which is used by the firm to compete in the marketplace, whilst business model refers to the way the firm operate, its logic and how it endeavours to create value for its stakeholders. Although strategy and business models are related, they are different concepts, such that a business model is the direct result of strategy but is not, itself, strategy (Casadesus-Masanell and Ricart, 2010).

An important aspect or characteristic of a good strategy in today’s ever changing or dynamic world is ‘innovation’. Businesses and organisations need to continue to adapt to changes in market forces and customer needs through adapting and continuously

improving their strategy. Technological innovation is a great contributor to the creation of economic value and it drives competitive advantage and the process of searching for innovative opportunities should be driven by senior leadership of the organisation (Pisano, 2016).

In the context of this research, strategy can be summarized as the execution of actions to achieve the organisation's business goals and objectives, aligned to the vision and mission of the organisation.

2.5 TYPES OF STRATEGIES

The following are a selection of researched strategies that were identified as relevant to the market affecting small to medium enterprises.

2.5.1 MICHAEL PORTERS COMPETITIVE STRATEGIES

Many theories have been developed in regards to business strategies. The theory/conceptual framework used in this study is the theory relating to five generic competitive strategies. It is an expanded version of the competitive strategies that was developed by Michael E. Porter (Hough, et al., 2011) in the 1980's. Porter's (1980, 1985) competitive strategies model of cost leadership, focus and differentiation, offers an analysis of an organisation's behavior and is a widely accepted blue print of strategic options for firms (Tansey, Spillane and Meng, 2014). The expanded theory indicated that each of the five generic business strategies target a different market position and involve distinctively different approaches to business operations.

Porter's 1980 strategic model is summarized in Figure 1 below:

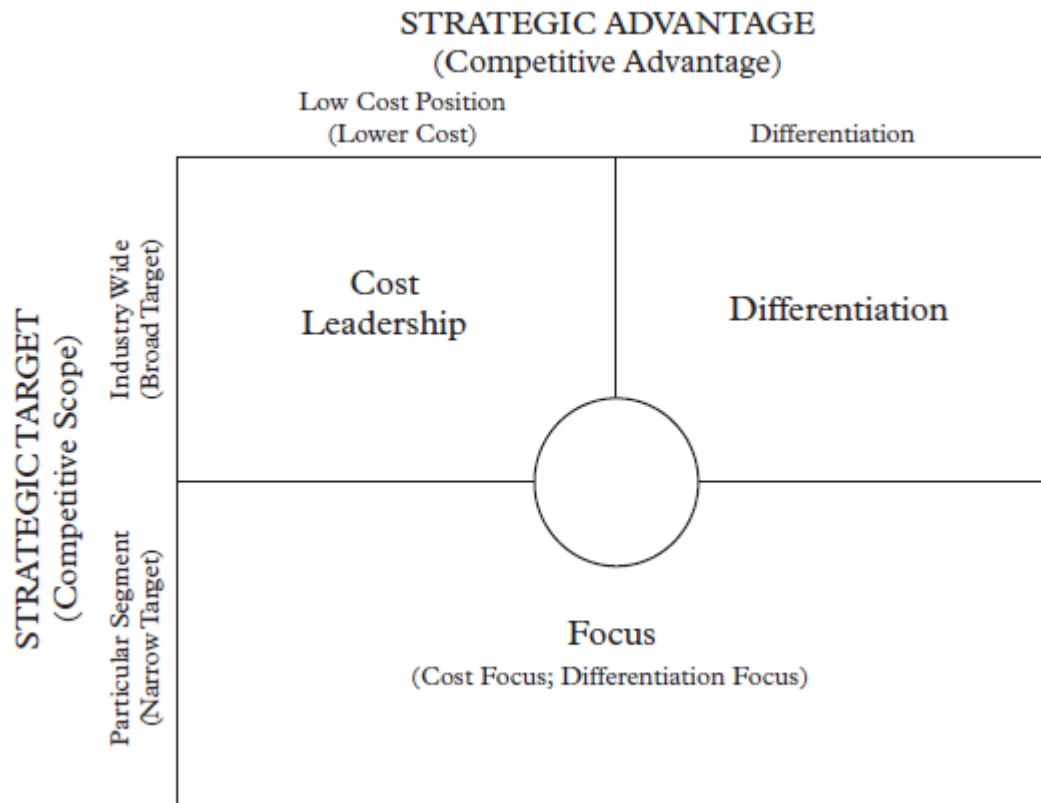


Figure 1: Porter's 1980 Strategic Model

Source: *Tansey, Spillane and Meng (2014, p.708)*

Porter's (1980) model in Figure 1 found that the first cost leadership approach requires a robust pursuit of cost reductions, tight overhead and cost control, and cost minimization in areas such as sales force, research and development, service, and advertising. The second differentiation approach on the other hand according to Porter focuses on differentiating the product or service offering by creating something that is perceived as being unique, thus enabling the organisation to command higher than average prices. Hence, the primary strategic purpose of differentiation uniqueness on one or several business dimensions, that normally requires some type of investment, rather than cost minimizations which are associated with a cost leadership strategy. The third generic strategy, focus, concentrates on a particular client, segment of the market, or geographic market. (Tansey, Spillane and Meng, 2014).

Porters strategies are widely accepted, both academically and practically (Salavou, 2015) as a leading source of strategic theory used to study various competitive business strategies applicable to various business environments.

His book titled *Competitive Strategy*, was regarded as the one of the most influential books on strategy at the time (Salavou, 2015). Hough, et al. (2011) have reported the expanded version of Porters (1980) competitive strategies which are known as the five generic competitive strategies and are summarized as follows:

1. Low cost provider strategy – pricing products at lower costs than rivals;
2. Broad differentiation strategy – differentiating the company's products from its rivals and appealing to a broad market;
3. A best cost provider strategy – offering products incorporating the best product attribute at lower than rival costs;
4. A focused or market niche strategy based on low cost – serving niche narrow market at lower than rival costs; and
5. A focused or market niche strategy based on differentiation – serving niche narrow market and offering niche markets customised products.

The above five strategies are an expanded version of Porter's low cost, differentiation and focused strategy. Magretta, J. in an interview conducted with Allio and Fahey (2012, p.6) expanded on Porter's definition of the term 'competitive advantage' to mean that if the organization has a competitive advantage, it operates at a lower cost, commands a premium prices, or both and this is enabled through the activities in the value chain. When the "low cost" component is analysed, research conducted by Allio and Fahey (2012) have found that according to Porter, a sustainable low-cost strategy is dependent on a tailored value chain that rivals can't copy easily or neutralize. For the purposes of this study, reference to Porters competitive strategies is reference to the above five strategies.

Porter's differentiation strategies is not without criticism and have faced challenges in recent years. Parnell (2006) has reported that two key developments evoke a re-look at the Porter based view of competitive strategies. The first one being the shift in literature from a theoretical (typology) perspective to an organization specific

perspective. The second being the intensity and pace of change in the global business environment that has resulted in a faster response time to customers and competitors has become a valuable weapon to competitors.

Salavou (2015) in research conducted on competitive strategy associates a competitive strategy with the question of how to create a competitive advantage in the business unit the company operates in. Salavou's (2015) research has found that research on Porter's competitive strategies has detected certain problems associated with pure strategies and intensified the need for investigations beyond strategic purity. The following are some of the problems identified:

- Companies focusing on one pure strategy maintain lower agility and flexibility in offering products that focus both on costs and on specific product features and may be less responsive to market changes.
- Strategic specialization may leave significant gaps or weaknesses in product offerings and ignore important customer needs that could be detrimental to companies.
- Pure strategies are easy to replicate, and companies adopting them may be at a possible disadvantage compared to those that combine them in a creative way and benefit from multiple sources of advantage.

The solution according to Savalou (2015) is a hybrid strategy combining more than one generic strategy, e.g. low cost and differentiation and this offers multiple strategic options to the organization.

Organisations, in addition have to compete with competitive threats in the marketplace. Prominent theory amongst these threats were the five forces model by Michael Porter in his 1980 publication, *Competitive Strategy*, aptly described by Crowther (2008) and Magretta (2012) as cited by Dobbs (2014) as "a work that shaped the thinking of a generation of academics and managers". Dobbs (2014) makes reference to Porters (2008) description of the five forces as those forces that "shape the structure of all industries and in large part establish the rules of competition and the root causes of profitability within as industry. His framework tackles the economic components of

competition highlighting the way external forces create or constrain strategic opportunities for an organization (Allio and Fahey, 2012). Porter indicated in his update in 2008 as narrated by Dobb (2014) that the five forces model has the potential to understand the strategic implication of individual firms within an industry.

The following are the Porters five forces of competition as described by Hough, et al. (2011, p.61):

1. "Competitive pressure associated with the market maneuvering and jockeying for buyer patronage that goes on among rival sellers in the industry;
2. Competitive threats associated with the threat of new entrants into the market;
3. Competitive pressures coming from the attempt of companies in other industries to win buyers over to their own substitute products;
4. Competitive pressures stemming from supplier bargaining power and supplier – seller collaboration; and
5. Competitive pressures stemming from buyer bargaining power and seller – buyer collaboration."

Magretta as reported by Allio and Fahey (2012) spoke of what executives can learn be re-visiting Michael Porter on strategy and leadership. The following were some of the key lessons that were identified:

1. Organisation's should keep direct sight between strategy and the financial performance of the organization and link the strategy to the results of the company,
2. A distinctive value proposition with a tailored value chain is essential for strategy,
3. The organization should be clear on what it will not do,
4. Companies should not try to satisfy every customer out there as the sign of a good strategy is that there will inevitably be some customers that remain unhappy (Allio and Fahey, 2012).

2.5.2 BLUE OCEAN VS RED OCEAN STRATEGIES

Companies that set the pace and search for new products and new markets as opposed to seeking business in the traditional arena are indirectly adopting the theoretical approach of blue ocean strategy, which defined the principle that companies are better placed searching for “uncontested markets” as opposed to existing markets (Arline, 2015).

The terminology “Blue Ocean” was recorded in the book “Blue Ocean Strategy” by authors Renee Mauborgne and Chan Kim. It details how organisations fiercely compete against each other in the marketplace known as the “Red Ocean” however companies should look to finding markets that are free of competition, alternatively known as the “Blue Ocean” (Arline, 2015).

Marborgne and Kim put forth the concept that leading companies will succeed, not by taking on the competition, but rather by eliminating the competition through logically creating “blue oceans” of uncontested market space with growth capacity.

The following table summarises the key differences between Red Ocean and Blue Ocean Strategies:

Red Ocean Strategy	VS	Blue Ocean Strategy
Compete in existing market space.		Create uncontested market space.
Beat the competition.		Make the competition irrelevant .
Exploit existing demand.		Create and capture new demand.
Make the value-cost trade-off.		Break the value-cost trade-off.
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost .		Align the whole system of a firm's activities in pursuit of differentiation and low cost .

Table 2: Red Ocean vs. Blue Ocean Strategies

Source: www.blueocean.com

Small to medium enterprises would benefit greatly by identifying new areas of uncontested markets. This would be realized through an innovative strategic vision to create a path to the blue ocean.

2.6 FEATURES OF AN EFFECTIVE SME BUSINESS STRATEGY

There are various factors that contribute to the development of a successful and effective strategy. Hough, et al. (2011), have identified five phases that are interrelated for the development of an organisation's strategy.

The phases are summarized below:

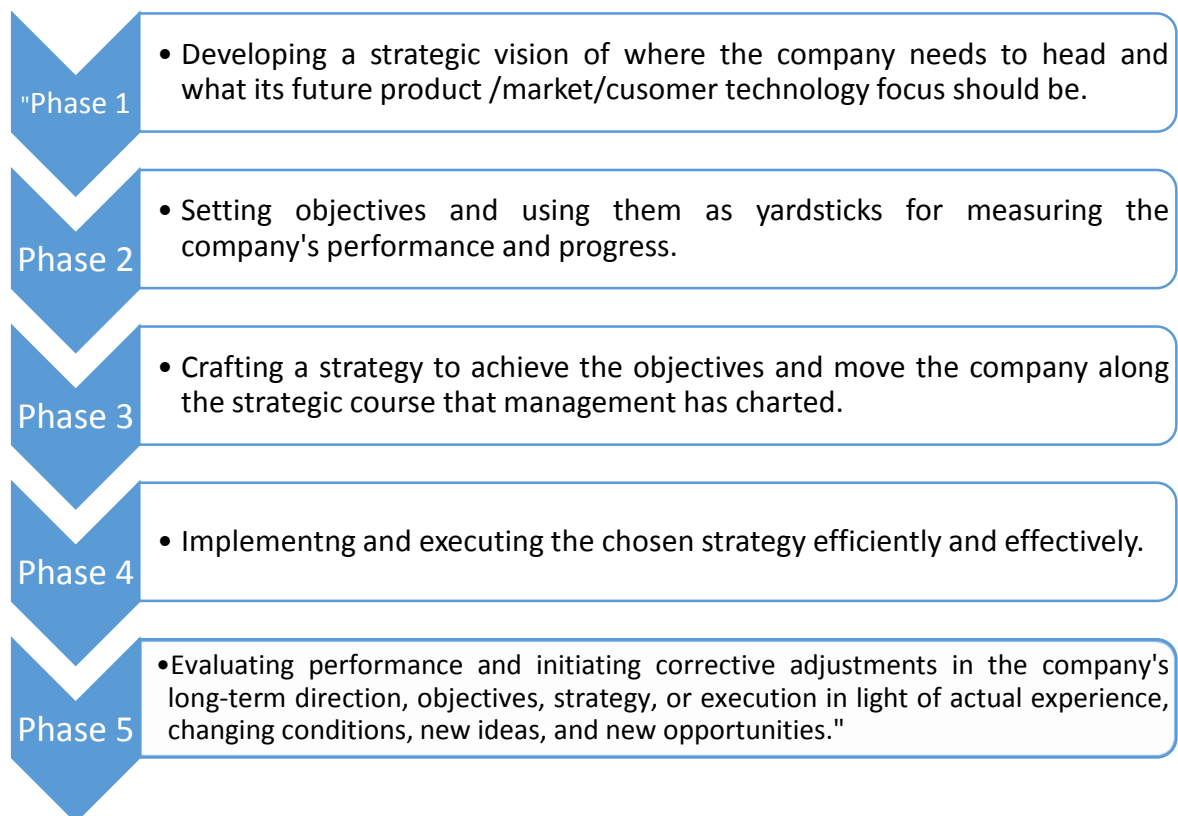


Figure 2: Five phases of strategy

Source: *Hough, et al., 2011, p.23*

Fulford and Rizzo (2012) in their research on small business strategies have found that various literatures have identified two primary arguments regarding strategy:

1. The strategy of the business is an instinctive reaction to the environment; and
2. The small business and the entrepreneurial owner manager are one and the same thing, hence an understanding of the entrepreneur will lead to an understanding of the business.

They have further found that there are no formal business strategies for small businesses but rather, these businesses are guided by the passion and whims of the owner-manager. The behaviours and actions of the owner guide the strategy of the business. It comprises internal decision making as well as external influences. Their findings highlight that there has been a lot of research performed on large business strategy but very limited research has been performed on small business strategy. This is largely due to the fact that the formal strategic frameworks of large organisations are irrelevant to small businesses as the owner manager has limited resources to execute all the framework requirements. In addition, small business owners function more on experience, intuition and instinct.

Fulford and Rizzo (2012) focused their research on the strategic patterns of small firms through a grounded theory design on the European Union city of Malta. They followed the observation drawn by the leading historian and researcher, Mintzberg which followed the reasoning that what better way is there to study strategies than to investigate and uncover patterns and their origins. This is through studying the behaviours and actions of management as this is the best way to identify the decisions made by the organisation. They relayed past research indicating that the way entrepreneurs act on opportunities is driven by two factors:

1. Obtaining information necessary to act upon an opportunity; and
2. The cognitive characteristics necessary to act on it.

Interviews were conducted on a sample of businesses and methods triangulation was applied on the findings. They found that five trajectories of small business strategic behaviour were observed and these demonstrate a coalignment that exists between the firm, the owner manager and the context it competes in.

The five trajectories identified were:

1. Controlled focus trajectory – Businesses were created by owner-managers based on their core skills and experience, and barriers of entry will be built and sustained through specialization, enhanced efficiency drives, and through

controlled niche markets. These owner-managers were enjoying doing what they knew how to do best.

2. Contained Growth - This strategy adopted by owner-managers involves firstly grounding the firm in a core engineering activity thereafter launching additional activities that were complementary to this core process. This approach also served to build and sustain a loyal customer base due to additional offerings and synergies generated.
3. Repositioning trajectory - This is one of an initially focused competitiveness, with subsequent drives to diversify and expand into either related or unrelated products/services and industries, but then a later decision to contract back into a functional efficiency state.
4. Dynamic growth - Firms were competing in industries and product/markets that were unrelated to their initial areas of expertise, and with resource-based and engineering stances that were focused towards different products/services in different industries and different markets.
5. Retrenchment trajectory - These were the kind of firms entering the “contaminated” lifestyle state, a competitive stance that is often looked upon by researchers as a failed, or inconsequential, form of entrepreneurial behaviour.

The five trajectories of small business strategic behaviour that were observed demonstrate a dynamic coalignment between the owner-manager, the situation of the firm, and the context within which the firm competes.

Each of the above phases involves an in depth analysis of various strategic components that are tailored to the organisation and consolidated into the organisations strategy. The above phases are just one set of strategic formulation guidelines amongst many that are being developed on a daily basis.

When considering innovation and its relation to strategy, Magretta in her interview conducted with Allio and Fahey (2012), narrated that Porter would ask the question whether an innovation or trend is relevant to the organisation’s strategy? If so, it should be incorporated into the strategy. She further related Porter’s views that ideas and innovations of other companies should not be copied but rather be adapted or reinforced to make the organization unique.

2.7 CHALLENGES FACED BY SME'S

Dima, Grabara and Okwiet (2012) have identified the following challenges that SME's in European countries (e.g. Poland) face in the development of strategies:

1. Legal system, customs and tax reporting – tax reporting and tax laws are currently complicated and should be simplified. This will enable organisations to manage their accounting and tax requirements more effectively.
2. Certification – At the global level, SME's in countries like Poland are required to submit quarterly certifications. This could become an administrative burden.
3. Trust in contractors and suppliers – Reduced confidence in business partners due to:
 - 3.1. The suppliers inability to deliver, namely through poor distribution networks;
 - 3.2. Lack of skilled workforce;
 - 3.3. High cost and low availability of obtaining finance.
4. Entrepreneur's managerial skills – the behaviors and personal abilities of one or two key people define strategy.
5. Organisation culture and management style – the lack of trust between employer and employee hinders innovation of organisations.

The above challenges may also be prevalent in developing economies, e.g. South Africa. Research conducted by Dima, Grabara and Okwiet (2012) has also found that SME's are more vulnerable in times of economic crisis due to amongst others:

- Difficulty to downsize as many are already small in size;
- Less diversified;
- Weak finance structures;
- Low credit rating and dependent on credit.

Their findings on Polish SME's has found that in times of crisis, the lack of complex finance structures results in less financial exposure. Cash is key to any organisation and the lack of access to sufficient working capital impacts on the organisations ability to continue as a going concern.

Sidatzane and Maharaj (2012) have found that in Durban, informal traders conduct their business with a fair share of challenges. Migrants create employment by hiring local from the labour force to assist them in their businesses. Competition amongst businesses creates tension between local and migrant street traders. Crime is a concern because it impacts negatively on their businesses. Other challenges that migrant traders experience include harsh treatment by the police and lack of support for informal traders by the local municipality. Their research has found that more emphasis should be placed on providing a supportive environment for street trading in Durban.

Further studies on small business growth strategies have found that growth strategies are likely to fail if small business owners are not willing to grow their business (Weber, Geneste and Cornell, 2015). O'Regan and Ghobadian (2006) as cited by Weber, Geneste and Cornell (2015) indicate that business owner's motivation, desires and perceptions drive strategic orientation. In addition, they have cited (Wang, et al., 2007), who have found that the majority of small and medium enterprises do not perform any structured strategic planning.

The absence of formal strategic planning for small businesses raises the risk that they may not achieve their full performance and the long-term survival of the business could be at risk. They associate this finding with owner motivation and argue that only owners who desire growth and profit maximization will develop strategic plans. Weber, Geneste and Cornell's (2015) study analysed the relationship between success and growth and found that there is no perceived relationship between growth and success.

2.8 STRATEGIES IN RECESSIONARY TIMES

According to Tansey, Spillane and Meng (2014), recessions normally take place during the contraction or 'down' phase of the business cycle and they commence soon after the economy reaches a peak of activity and conclude as the economy reaches its trough. They have found that during recessions, companies have no choice but to restructure, and to move quickly to reduce costs, e.g. staffing, costs, and debt, in order to survive. For companies to effectively prepare and counter this situation, they are

required to have a suitable response strategy. A response strategy is used for addressing the challenges of changes to the environment, and these strategies are described as creative and rapid responses which force the development of new linkages with the environment (Tansey, Spillane and Meng, 2014).

Dima, Grabara and Okwiet's (2012) research on a specific case study has identified the following steps to developing a successful strategy in times of economic crisis:

1. Inform all staff of the current crisis the company is experiencing and the need to exercise patience;
2. Embark on cost cutting exercise and outsource certain functions to reduce employment costs as well as encourage employee leave to reduce costs further;
3. Freeze bonuses, increases and allowances;
4. Attract new customers through an increase in advertising investment.

The above steps formed the basis of the strategy to combat the economic crisis.

Organisations need to decide on appropriate pricing and marketing strategies, amongst others, depending on the market they operate in. The above competitive strategies are robustly designed and summarises the fundamental business strategy applicable to any organisation.

Yang (2012) in her research titled 'Small Business and International Entrepreneurship in the economic hard time' identified four areas that impact on SME's in economic downturn world wide.

The first being the financial hardships and severe challenges that SME's face due to the recent global economic downturn. Some of these challenges include decreasing demand for their products, difficulty to raise funding and unfavourable terms of credit and bank loans. Many SME's are also impacted by the fact that many governments globally have offered support and bail out deals to large companies during the recent global recessions leaving smaller companies to find their own solutions and often close down.

Yang (2012) has emphasised that despite the failure rate of small businesses during times of recession, entrepreneurship should be encouraged as small businesses contribute significantly to creating employment, generating innovation and revenue. The study found that SME's can be assisted through cost effective administrative procedures, financial support to encourage failed entrepreneurs to remain in the market. This will be possible through the development of long term business strategies.

The second area identified in Yang's research are the advantages and challenges of SME's. Advantages include the vision of the founding Chief Executive Officer, entrepreneurial drive and expertise that should be transformed to generate capability and overcome constraints for the enterprise over the longer term. Other benefits identified of being a small company include low cost, flexibility and speed of execution which can be leveraged to enable the company to enter into a niche market.

The third area of importance identified in the research was around global participation and international entrepreneurship strategies. The global entrepreneurial environment is a dynamic environment with factors that affect the entrepreneurs ability to build, create and expand business operations globally. Small organisations require robust global participation strategies developed through obtaining global market intelligence on the industry, the market and socioeconomic conditions.

Fourthly, the study identified global entrepreneurship as an area of further research as the world becomes one global environment with market conditions of one country affecting other countries, SME's should take a proactive approach and plan ahead to address potential challenges and capitalise on the many rising opportunities.

In research conducted by Tansey, Spillane and Meng (2014), on whether construction firms adopted any of Porter's strategies in response to the global recession of 2007, a total number of four exploratory case studies were conducted of Irish and UK companies together with a review of eight previous global studies. During the review of these eight previous studies, differentiation strategies were identified as the common response area with focus on the following components:

- "increase/improve advertising and marketing (marketing);

- investing in R&D/new technologies (technology/innovation);
- improve/increase products/services offered (technology/innovation);
- improving relationships with stakeholders (marketing);
- innovative project management methods (technology/innovation);
- speed up project delivery (operational/project management).” (Tansey, Spillane and Meng 2014).

Exploratory research was conducted on the four companies with the main method being interview procedures of senior executives. The findings from these interviews indicated that the majority of response strategies adopted during the 2007 economic recession relate to Porter’s generic strategy of cost leadership, specifically financial and HR/personnel related strategies. This suggests that cost containment is one of the most important attributes in an organisation’s strategy during the 2007 recession, significantly for smaller companies. However, the results from the critical review of the eight global studies indicated that the majority of construction companies adopted differentiation strategies in order to survive the economic recession (Tansey, Spillane and Meng, 2014).

Overall cost leadership was followed by differentiation and focus strategies and Tansey, Spillane and Meng, (2014) also found that cost leadership could be used in conjunction with either of the differentiation or focus strategies.

In research conducted by Box and Miller (2011) on Small-Firm Competitive Strategies, 167 small firms were sampled in Kansas and Missouri. Of these, 45 firms were cost leaders while 58 firms followed a differentiation study. The remainder were firms without a specific generic strategy. Box and Miller (2011) have analysed Michael Porters work entitled ‘*Competitive Strategy*’ and found his initial thesis formed around only two ways of successful competition, namely cost leadership and differentiation, with cost leadership being the lowest cost of goods or services sold, e.g. followed by stores such as Walmart in the US or Massmart in South Africa. Differentiation is about doing things differently and as expressed by Porter “perceived uniqueness”. Those companies that successfully differentiate offer customers something different that they are prepared to pay more for, e.g. in terms of options, customer service levels, features, etc. Box and Miller have indicated that the key to successful differentiation

is to not allow the difference of the price gap between the differentiated organization and the cost leader to creep too high thereby forming a deterrent to customers.

The methodology adopted involved interviewing Chief Executive Officer's and sole practitioners together with the completion of questionnaires. The findings indicated that many respondents were unaware of the term generic strategy, hence strategy was not a priority in their business and the authors found this concerning as it is their view that strategy has been found to be linked to performance in a large number of empirical research studies. In addition, the implementation of the strategy within each functional area requires transformational leadership (Parnell, 2008) as cited in Box and Miller (2011). Their overall findings indicate that the strategy for non-public firms is that of narrow differentiation. This is reflected in the limitation of small businesses in terms of resource constraints and the footprint to compete across industries.

Research conducted by Blackburn and Wainwright (2013) revealed that smaller, older businesses, with a documented business plan run by innovative owners were more likely to have experienced employment growth and higher turnover. Younger businesses, however, were more likely to be profitable. Owners who develop the most profitable businesses are prepared to grow their businesses at a steady rate over a fairly long period.

Cismas, et al. (2012) in their research on "Horizontal Collaboration – a relevant strategy for small to medium businesses for surviving the economic crisis" have found that creating a future strategy is a compulsory and necessary activity for any small to medium enterprise. They put forth the argument that inter business collaboration is crucial to dealing with factors giving rise to economic crisis. They have also found that for small businesses, the management – employee relationship is vital. In addition, they mention that the innovation process is more intense for SME's than large corporates as SME's need to continuously adapt to changing market conditions for survival. Their research involved a case study of a German Company that saw the need to collaborate and form strategic partners with other organisations. The findings of this research indicated the benefits of horizontal collaboration which also resulted in a reduction in manufacturing costs to the organisation.

Small businesses are not without their challenges as was found by Bello and Ivanov (2014) in their study on growth strategies for very small organisations. They have identified that certain small businesses suffer from the Demings management disease of obsolescence, the disease identified by Edward Demings, with obsolescence being the fear of innovation. Bello and Ivanov (2014) have found that a business can only survive if it continues to improve itself and innovate.

2.9 SUMMARY

The various research literature analysed above portray varied views on small business strategy and its importance to the growth and success of an organization as well as its response in times of economic crisis. Certain findings indicate an importance attached to the organisations strategy by the business, while others have not made this aspect a priority of the business. The studies indicate various strategic concepts however none of the authors works reviewed above have analysed the competitive business strategies of SMEs' in the greater Durban area and this results in a gap existing in current knowledge which forms part of the justification of this research.

Due to the limited literature available on small business strategy in the Durban and surrounding areas which supports the performance of this study. A qualitative study would assist in providing valuable information regarding the in house strategies adopted by SMES in Durban. Many SME's goals and objectives are driven by the expertise and intuition of the owner manager. The literature reviewed highlights the importance of a robust, innovative strategy as a fundamental component of the business objective to achieve its goals in times of success and adversity. It provides a deeper understanding of the works of Michael Porter that forms the foundation for the development of a successful competitive strategy.

A quote by Magretta in her interview conducted with Allio and Fahey (2012) aptly summaries the characteristics of successful companies as "successful companies rarely have to reinvent themselves because they are constantly reinventing their methods, their management processes, their offerings. They keep getting better at what they do. They keep searching for ways to create more value (Allio and Fahey,

2012). It appears that it is ultimately up to the organization, those situated in Durban and beyond to develop a structured collaborative strategy that incorporates the relevant theoretical characteristics to enable the organization to grow and succeed in today's competitive market space.

The following chapter details the design and methodologies used in the execution of this qualitative study.

3. DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Many small to medium businesses close down within the first few years of trading Cronin-Gilmore (2012). Is a contributing factor to this tragic business scenario the fact that many SME's may lack a well-developed business strategy to navigate the market they operate in? This study seeks to determine whether SME's in Durban have strategies in place and what are the types of business strategies adopted by small to medium enterprises in the greater Durban area. Furthermore, economic conditions change from time to time and in order for businesses to survive, they need to have adaptable business strategies. In order to obtain the information required to understand this phenomenon, interaction is required with the business owner and/or senior management representative. One of the most effective methods of obtaining the information for this type of study is to conduct qualitative research.

The following characteristic, adopted in this study, were identified by Creswell (2014, pp.185-186) as important traits for qualitative research:

- Natural setting: Qualitative research is normally collected at the site of the participant. Ninety percent of the data for this study was collected in the field/or site where the respondent was employed and where the business strategy was executed. This gave the researcher the opportunity to observe the business owners operation as well as observe first hand, the execution of the strategy.
- Researcher as key instrument: Qualitative research is normally executed by the researcher collecting data utilizing his/her own instrument. A tailored research instrument developed by the researcher was used in this study with the majority of the data collection being performed by the researcher himself.
- Multiple sources of data: Qualitative research usually involves the collection of multiple forms of data. This study's primary source of data was interviews held with the business owners or senior executives with a secondary source of data being observations and a review of selected documents related to the organisations strategy.

3.2 PURPOSE OF THE STUDY

The purpose of this study was to qualitatively explore whether SME's in the greater Durban area have developed robust business strategies. The intent was to assess the adequacy of these business strategies that have been developed by SME's and to determine whether these strategies contain the characteristics of generic strategies as developed in the early 1980's by Michael Porter, as well as whether these strategies are frequently amended to address changes in economic market conditions.

3.3 RESEARCH PARADIGM (PHILOSOPHY) AND APPROACH

The philosophical and paradigm choice underpinning this study is the interpretivism / constructivism worldview adopting a qualitative approach to the research study. According to Creswell (2014, p.19), through the constructivist worldview, the research considers the views of participants to establish a meaning of a phenomenon.

The dominant reason for this paradigm choice is that strategies are not generic and there exists the likelihood that owners of SME's would construct their organization strategies based on their own business needs, hence in order to obtain this information, it would be most appropriate and valuable to obtain strategic information directly from the business owner and executive management team.

The advantage of this type of paradigm is that it facilitates an understanding of how and why the phenomenon takes a specific path, in this case, why business owners adopt a specific approach when it comes to the development and execution of their business strategy.

An Inductive Thematic Analysis approach was used in the analysis of data utilizing Nvivo 10, a software that supports qualitative research that is designed to help organize, analyze and find insights in unstructured or qualitative data (QSR International, 2016).

3.4 RESEARCH DESIGN

The qualitative approach to business research was the foundation of the execution of this study. The exploratory design used was the ethnography approach which is a design of enquiry that studies the shared patterns of behaviors and actions of a group of individuals in a natural setting. In the case of this research, this translated to enquiring and observing business owners and executives of SME's on business strategy directly at their place of business.

This exploratory approach enabled the researcher to investigate and obtain first-hand information from those responsible for the development of the organizational strategy, namely the business owners and executives of small and medium enterprises via a semi structured interview process. This included a set of specific strategy related questions as well as allowing the participant to add additional information that they felt was necessary to address the research objectives.

A review of past research conducted on SME strategy in the greater Durban area has not yielded much meaningful information regarding the development and impact of competitive strategies in the target location. In order to address this gap, a need was identified to perform an exploratory study and obtain the views and opinions of the participants of the study.

This approach is appropriate in addressing the research questions because it enabled the researcher to:

1. Obtain directly from the SME owner or senior executive, his/her view regarding existing business strategies and the impact of varying economic conditions on the organisations strategy,
2. Gain a deeper and more in depth analysis of the development process of SME strategies from the organisational leadership and their familiarity and incorporation of the competitive strategy best practice principles,
3. Understand through the process of enquiry whether there is a link between the businesses strategy and the success of the business in volatile market conditions, and;

4. Analyse the responses obtained from SME business owners and executives and through discussions, understand its contribution to the execution of the strategy.

Tansey, Spillane and Meng (2014) adopted a similar approach in their research to obtain a deep understanding on the strategy of how construction firms responded to the recession of 2007. They conducted semi structured interviews which they deemed to be the most appropriate mechanism to obtaining data. Their research found that where the research is exploratory in nature, interviews are particularly useful. They further made reference to Fellows and Liu (2008) who found that semi structured interviews fill the gap between structured and unstructured interviews and involve a list of topics whereby the respondent's views are recorded.

The main criteria for the interviews conducted by Tansey, Spillane and Meng (2014) was that the interviewees held a senior or executive position within the organization. This ensured that those being interviewed were knowledgeable about the industry as well as experienced in strategic management. They further make reference to other studies conducted by Murphy (2013) and Lim, et al. (2010) where only executive or senior personnel were deemed useful for interviewing.

Fulford and Rizzo (2012) in their study on understanding small business strategy followed a similar research approach and conducted in depth interviews of owner managers. Their interview procedures were conducted on either the owner or primary shareholder or alternatively the most senior manager. Conducting qualitative procedures at this level of the organisation facilitates a more robust and comprehensive discussion and understanding of senior managements vision and strategic approach. Following this approach, interviews were conducted only with either the business owner and/or, a senior executive.

3.5 TARGET POPULATION AND SAMPLE SIZE

The greater Durban area in South Africa has many small and medium businesses, some registered and unregistered operating within the formal and informal sector. The target population consisted of small and medium businesses across the greater Durban Metropolitan encompassing a geographic location from the Durban city centre through to the suburbs including but not limited to Clairwood, Rosburgh, Overport, Morningside, Musgrave, Jacobs and Mayville.

Due to the qualitative exploratory nature of the study, and the need to obtain relevant strategic information on an interview basis from a source of business owners and executives from various industries, as well as due to the nature of the research covering a spectrum across a general category of SME's, a nonprobability purposive sampling method was applied to determine the sample size. Purposive sampling is confined to a specific type of person that can provide the desired information (Bougie and Sekaran, 2014).

The use of purposive qualitative sampling in this study enabled information to be obtained from a varied perspective and the sub component of purposive sampling used was judgemental sampling as the choice of business owners or senior executives are most advantageously placed and in the best position to provide the required information.

Bougie and Sekaran (2014) define non probability sampling as sampling wherein the elements of the population do not have any probabilities attached to their being chosen. For this study, the participants were judgementally identified and selected.

A sample of SME owners and executives from the following industries had indicated their interest in participating in this study and were selected to form part of the study to reflect the diversity of industries and sectors in the geographic location:

- Retail and wholesale
- Manufacturing
- Engineering

- Fashion
- FMCG
- Food and beverage
- Automotive
- Property
- Sport
- Health and wellness
- Professional services

Creswell (2014) indicates from his review of past research studies that qualitative samples for a phenomenon research typically range from three to ten individuals and twenty to thirty for grounded theory. Based on the in-depth nature of this study, a sample size of twenty had been identified as a reasonable sample size to obtain the necessary information for this research. It was estimated that this was the number after which theoretical saturation was expected to be reached. This is the point at which no new information about the subject matter is expected to emerge (Bougie and Sekaran, 2014).

3.6 INSTRUMENTATION, MEASUREMENT AND DATA COLLECTION

3.6.1 THE RESEARCH PROBLEM

This research aimed to address the following research problem:

1. To establish whether small to medium enterprises (SME's) in the greater Durban area have adaptable and effective business strategies to counter varying economic market conditions and how often do management review and assess their business strategy.
2. To determine if these strategies are robustly designed and whether they contain features and characteristics of any of the generic competitive strategies (strategies that were developed by Michael Porter and subsequently enhanced).

3. To understand whether there is a link or relationship between the SME business strategy and the success of the business.
4. To understand whether the success of the business is guided by the organisations strategy.

3.6.2 THE RESEARCH OBJECTIVES

The objectives of this study were:

1. To establish whether small to medium enterprises (SME's) in the greater Durban area have adaptable and effective business strategies that assists the organisation to counter varying economic conditions that they will encounter during the life of the business and to identify how often management review and assess these business strategies.
2. To determine if these strategies are robustly designed and whether they contain features and characteristics of any of the generic competitive strategies developed by Michael Porter.
3. To understand whether the success of the business is guided by the organisational strategy.

3.6.3 THE RESEARCH QUESTIONS

This research study aimed to address the following questions:

1. What are the views of small to medium business owners and executives situated in the greater Durban area regarding business strategies and their importance to countering varying economic conditions?
2. Are SME business strategies comprehensively developed and how often are these updated and do these strategies take into account the principles of the generic strategies founded by Michael Porter?
3. Is there a link between the business strategies of small to medium enterprises and their success in volatile market conditions?

4. How do the views of SME business owners and executives contribute to a more comprehensive understanding of business strategies and its contribution to the success of the organisation?

Being a non-probability purposeful study, no specific variables were measured but rather the core foundation of the study was a thematic analysis to establish whether SME's have developed business strategies and its effect on the success of the organisation.

3.6.4 THE RESEARCH INSTRUMENT

The instrument used to collect data in this study was a semi- structured interview instrument. Refer to Appendix 1 for a copy of the Research Instrument / Schedule. Interviews were held during April 2016 with the sample identified and questions per the instrument were put forth to the respondents. Information collected via the interview process was transcribed and thematically analysed.

3.6.5 APPROACH, RELIABILITY AND VALIDITY

3.6.5.1 APPROACH

The qualitative research approach was used in this study and data collected using a semi structured interview instrument. The semi structured interview consisted of defined and open ended questions.

Thereafter the approach was to identify and build themes and patterns from the bottom up by categorising and organising data into pieces of information. This was done through an Inductive Thematic Analysis approach, whereby codes, alternatively known as "nodes" emerged from the data itself and these were linked to specific common themes.

Data was analysed and reviewed until a comprehensive set of themes was identified. Thereafter a high level deductive approach was used to assess the adequacy of the themes identified.

Word Frequency was also performed to identify words that were used most frequently during the interview process. Frequent words were grouped to form tag clouds. Tree maps were also used to present data. A tree map is a diagram that shows hierarchical data depicting the various contexts in which words appear.

3.6.5.2 VALIDITY AND RELIABILITY

Qualitative validity of the accuracy of findings was performed through member checking whereby the identified themes were taken back to a sample of participants for review. Based on this validity check, no significant deviations or contradictions were identified.

In addition, the researcher spent significant amount of time in the field conducting the interview procedures at the premises of the respondent. According to Creswell (2014), “the more experience a researcher has with participants in their settings, the more accurate or valid will be the findings”. Time spent was evident in the detailed responses received from the respondents as well as observations noted.

Reliability of data was addressed through the detailed steps performed in the interview process, as well as the use of an independent data analyst who assisted with data coding for input into the thematic analysis utilising the Nvivo 10 software. This was supported by tree maps, word frequency's and tag clouds.

Reliability was further supported by the common characteristics that were identified via the SWOT analysis, whereby many SME's generated similar strengths, weaknesses, opportunities and threats.

3.7 PROCEDURES

The following procedures were executed to perform the data collection and analysis:

1. The sample of interview respondents were identified,
2. A one on one semi structured interview approach was followed,
3. The sample identified to participate in the study were contacted to obtain consent as well as book a suitable time to conduct the interview process,
4. The respondent were visited at their business location in the designated time for the interview to be conducted,
5. Back to back interviews were conducted to cover the full sample over a period of approximately 10 days,
6. A pre-defined interview instrument was followed,
7. The interviews were conducted and the information as per the interview instrument was collected,
8. The interviews were also recorded with the respondents' permission,
9. Data collected was analysed using Nvivo 10 performing a thematic analysis.

The information collected from the interview procedures provided the input that was necessary to address the research questions by providing the researcher with the information for the thematic analysis to address the matters in respect of SME strategy, specifically whether SME's possess appropriate business strategies, how often are these reviewed and whether these strategies follow a well-developed theoretical framework.

3.8 DATA ANALYSIS

Data received from the interview process was analysed as follows:

3.8.1 DATA PREPARATION

1. Material was organized by type.
2. Data collected through the interview process was transcribed and prepared for analysis.
3. Matrix coding queries were run. These queries were used to ask a wide range of questions about patterns in the data and these queries provided access to the content that shows these patterns.

3.8.2 DATA EXPLORATION

1. A preliminary exploratory analysis of the data was performed to obtain a general sense of the data collected.
2. The field notes and interviews were read several times to get a sense of the interview and observation.
3. The need for more data was considered and it was concluded that the information provided by the sample of twenty interviews was sufficient.

3.8.3 DATA CODING AND THEME IDENTIFICATION

1. The data analysis was done in Nvivo 10.
2. Commencing with one transcript, text segments were identified to determine what the respondent is saying.
3. Codes or “nodes” that emerged from the data were identified, including sub nodes (related concepts).
4. From these nodes, phrases with similar characteristic were grouped.
5. Themes were then identified from the grouped nodes and sub nodes.
6. These themes were subsequently compared to findings in the literature review for further validation (deductive).

The following is an example of the recommendations node that was generated and utilised as a source of the themes identified. Refer to Appendix 2 for the full Recommendation Node:

Recommendations

Recommendations	0	0
Building good relationships	6	11
Cash is king	6	9
Check for Government incentives and rebates	1	1
Constant review and tweaking	2	5
Customer knowledge	5	9
Good stock control	4	5
Keep overheads low	6	10
Knowledge of, and responsive to the market	11	26
Marketing and advertising	6	7
Pace growth and plan ahead	5	5
Secure buy-in of strategy	3	5
Communicate and understand strategy	13	16
Keep it simple	4	6
Special attention to HR matters	5	7
Worklife balance	2	3

Figure 3: Recommendation Node

Source: *Nvivo 10*

3.9 ETHICAL CONCERNS

The common ethical violations often experienced in similar studies were prevented as follows:

3.9.1 VIOLATING DISCLOSE AGREEMENTS

No instances of disclosure agreement violations were noted. Each respondent was required to sign an informed consent form which was subject to ethical clearance by the University of KwaZulu Natal's Humanities & Social Sciences Research Ethics Committee. This process provided the necessary information including the purpose

and benefits of the study. In addition, all information physically received via the interview process was securely stored and kept under strict confidentiality. Furthermore, no respondent identities were disclosed in this study.

3.9.2 BREAKING CONFIDENTIALITY

No instances of a breach of confidentiality were noted during this study. All data received was confidentially stored. The relevant data collected was appropriately analysed and reported on to address the purpose and objectives of this study.

3.9.3 MISREPRESENTING RESULTS

No misrepresentation of results were identified. Results were collated, analysed and reported on in a fair and transparent manner to truly reflect the views and thoughts of the respondents. Appropriate data coding and thematic analysis methods were adopted to provide a credible representation of the research findings.

3.9.4 DECEIVING PARTICIPANTS

No instances of deceit by participants were identified or reported. Through the provision of the informed consent form, respondents were informed of the full details and nature of the study. Information was provided relating to the aim and purpose of the study and the outcomes and was subject to ethical clearance. The ethical form was a fair reflection of the purpose of the study. In addition, the researcher thoroughly briefed all respondents in respect of the research so that any ambiguity would be clarified and all candidates would be aligned to the research.

3.9.5 AVOIDING LEGAL LIABILITY

No instances giving rise to possible litigation were identified.

3.10 LIMITATIONS

Being an exploratory qualitative study, the selection of a smaller sample size are normally obtained as was performed in this study. The need to interview the most senior officials in the organization further supported a reduced sample. The challenge faced was that this smaller sample could be interpreted as not reflecting the views of the population of the greater Durban area. This limitation goes beyond the nature of this study and identifies the need for further research in this area. However due to SME's facing unique challenges and operating environments, a nonprobability purposive approach with a thematic analysis was performed as the most appropriate research method.

Due to the confidential nature of business strategies, respondents may not have disclosed all relevant strategic information, hence data omissions by respondents, if applicable was beyond the control of the researcher.

3.11 SUMMARY

This chapter set out the methodology and approach used in conducting this research from the commencement of the interview process to the thematic analysis. Chapter four presents the finding of the application of this methodology translating the raw data into an in-depth analysis, discussion and interpretation report.

4. ANALYSIS OF DATA, DISCUSSIONS AND INTERPRETATION OF FINDINGS

4.1 INTRODUCTION

As noted in the introduction to this study, the economy in South Africa in general is currently experiencing a challenging period. High cost of basic items, e.g. food and fuel coupled with high unemployment leave many South Africans as well as individuals facing an uphill battle on a daily basis. These adversities together with high debt make it a tough trading environment for small to medium enterprises.

Hence businesses need to have the right strategic vision and objectives to thread this uncertain path. On this basis, this study was predominantly an investigation into whether small and medium enterprises have adequate business strategies. This chapter analyses the qualitative data obtained via the interview process and discusses the findings with the purpose of addressing the research objectives of the study.

An inductive thematic analysis approach was followed with the use of Nvivo 10. Data was collected from a wide spectrum of small to medium enterprises across Durban to understand the concept of business strategies in relation to these organisations.

Specifically, the research was conducted to answer the following questions:

- What are the views of small to medium business owners and executives situated in the greater Durban area regarding business strategies and their importance to countering varying economic conditions?
- Are SME business strategies comprehensively developed and how often are these updated and do these strategies take into account the principles of the generic strategies founded by Michael Porter?
- Is there a link between the business strategies of small to medium enterprises and the success in volatile market conditions?

- How do the views of SME business owners and executives contribute to a more comprehensive understanding of business strategies and its contribution to the success of the organisation?

The findings of this study presented herein obtained from the primary source of data, being the interviews conducted with owners and senior executives of small and medium enterprises.

4.2 THEMATIC ANALYSIS OF QUALITATIVE DATA

Thematic analysis of qualitative data is a method used to identify themes or ideas within a set of documents. The inductive process used in this study is a process of working back and forth between themes and data until a comprehensive set of themes has been identified. (Creswell, 2014). It is a form of recognition of patterns or themes that can be categorised or coded for analysis.

For this study, data was collected and analysed by the researcher and this was supported by the coding of data by an external, unbiased and independently qualified data analyst to add credibility to the study. On the basis of coding, themes were identified. Similarities in themes across respondents indicated that a number of organisations experience similar business challenges and have to address these effectively.

For the identification of themes, interview transcripts were coded. Data was collected through in depth interviews with twenty small and medium enterprises owners or executives. The analysis was performed in Nvivo 10, whereby codes, alternatively known as nodes were identified or emerged from the data. These nodes gave rise to the multiple themes that were derived from the data output.

4.3 WORD FREQUENCY AND TAG CLOUDS

Through the use of Nvivo 10, we were able to run Word Frequency. Word Frequency are words that are used most frequently during the interview process. These were grouped to create a tag cloud, a graphical representation of 300 up to 1000 words create a tag Cloud. The larger font size indicates words that were most frequently used during this study.



Figure 4: Business Strategy Tag Cloud

Source: *Nvivo 10*

Examples of common words or concepts related to business strategy that featured throughout the data collection process, amongst others, were words such as “business strategy, organisation, products, markets, cost, low, niche”, etc. These words form the foundation of the themes that were identified.

4.4 TREE MAP

A visual tool used in Thematic Analysis is Tree Maps. A tree map is a diagram that shows hierarchical data as a set of nested rectangles of varying sizes. It depicts various contexts in which words appear. The contexts are arranged as branches of

trees to show recurring themes and phrases. The following are five Tree Maps of concepts that featured throughout the data collection process:

4.4.1 'CASH' TREE MAP

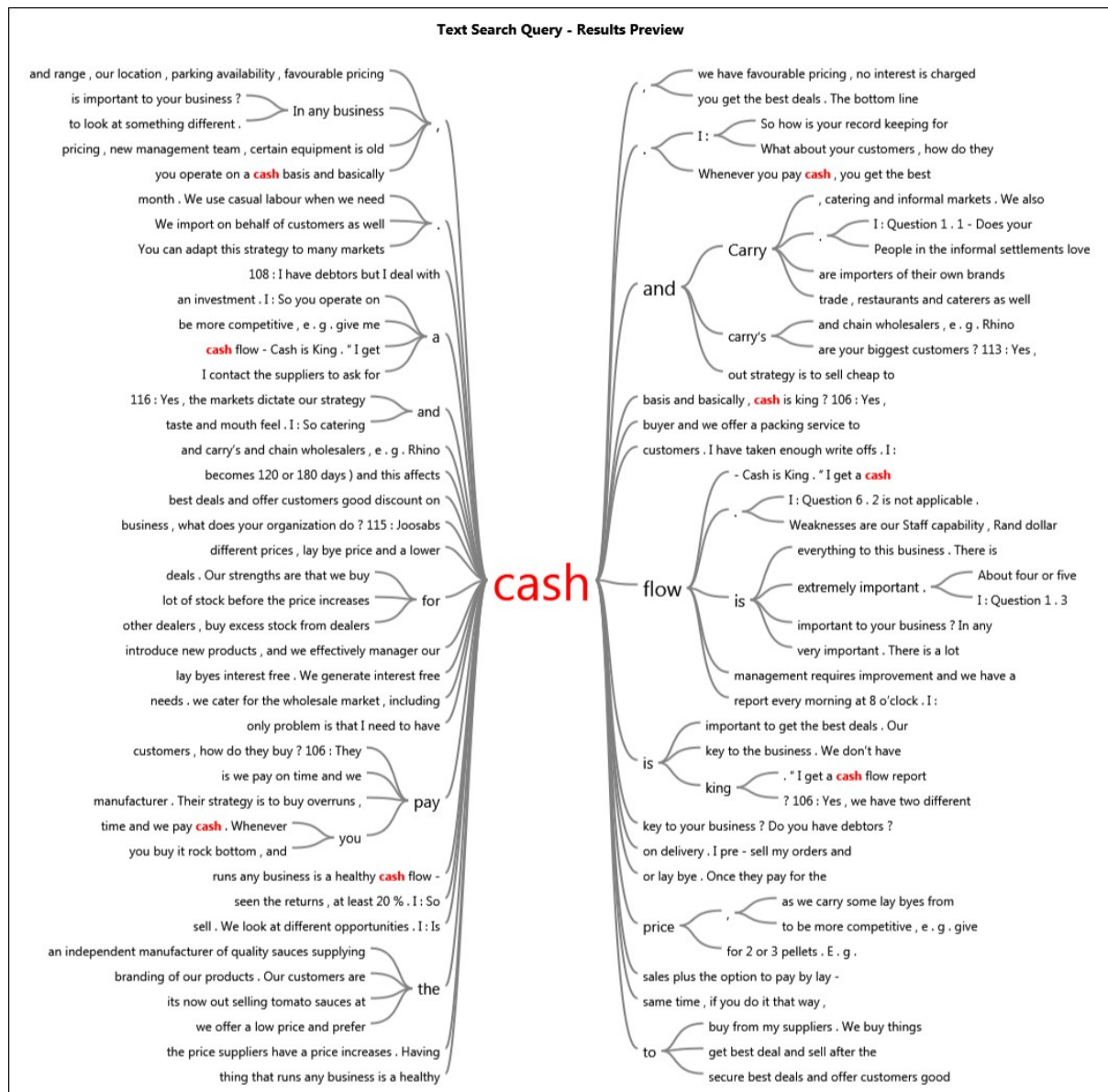


Figure 5: Cash Tree Map

Source: Nvivo 10

Cash appeared prominently throughout a majority of the interviews held and also flows into one of the important themes in this research discussed later in more detail in this chapter.

4.4.2 'MARKET' TREE MAP

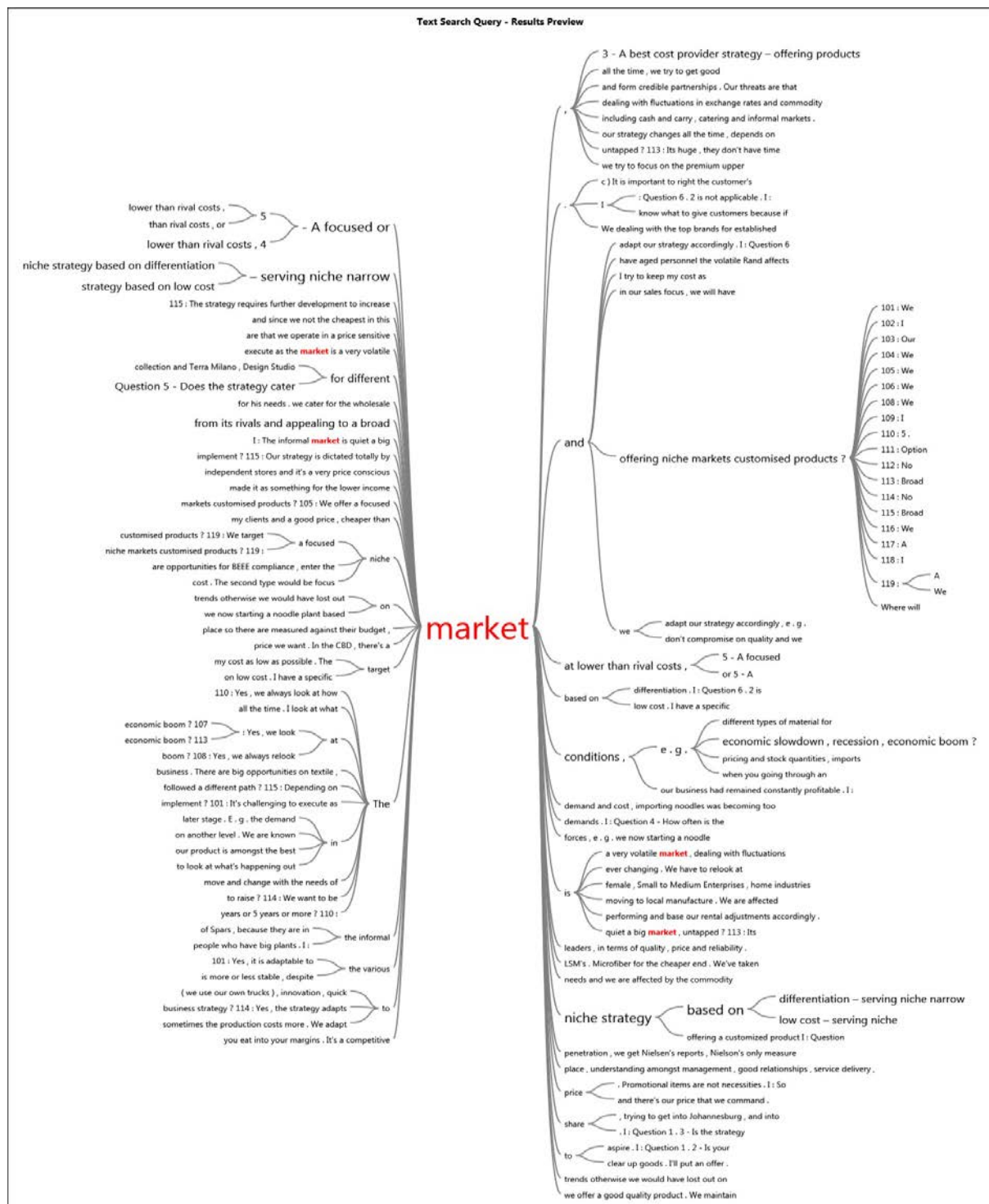


Figure 6: 'Market' Tree Map

Source: Nvivo 10

The concept of market and its related characteristics featured recurring throughout discussions with respondents. This was largely due to SME's operating in various markets and the need to strategise accordingly and cater for the needs of these markets.

4.4.3 'STOCK' TREE MAP



Figure 7: 'Stock' Tree Map

Source: Nvivo 10

Stock or inventory is the heart of many businesses. Throughout the execution of a business strategy, it was identified that organisations need to manage their stock cost effectively to ensure business success.

4.4.4 'IMPORTANT' TREE MAP

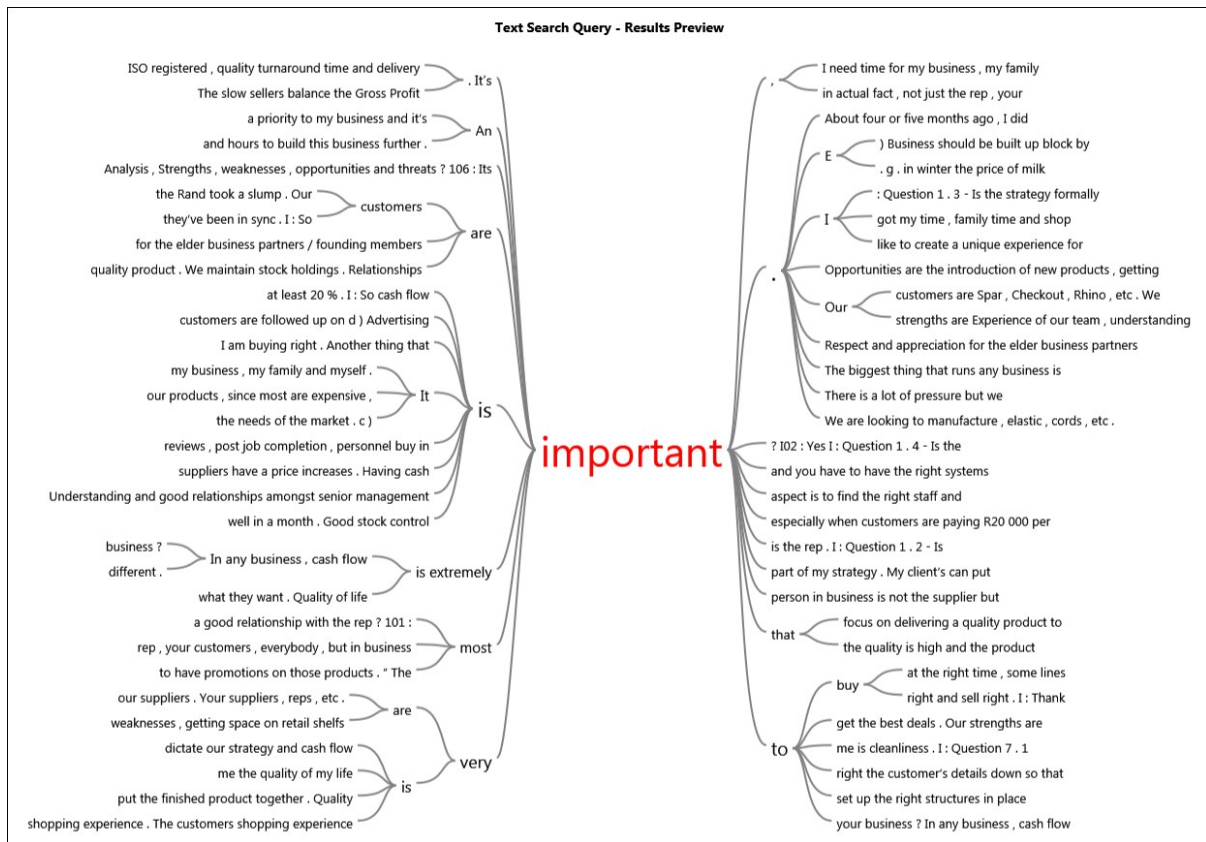


Figure 8: 'Important' Tree Map

Source: Nvivo 10

Different SME's rank different concepts as important to them. During the interview process, this was apparent. Aspects of importance varied from customers to deals and inventory, cash flow and quality to pricing and flexibility amongst some of the various terms analysed. The core themes address the important concepts identified through the data collection process.

4.4.5 'LOW' TREE MAP

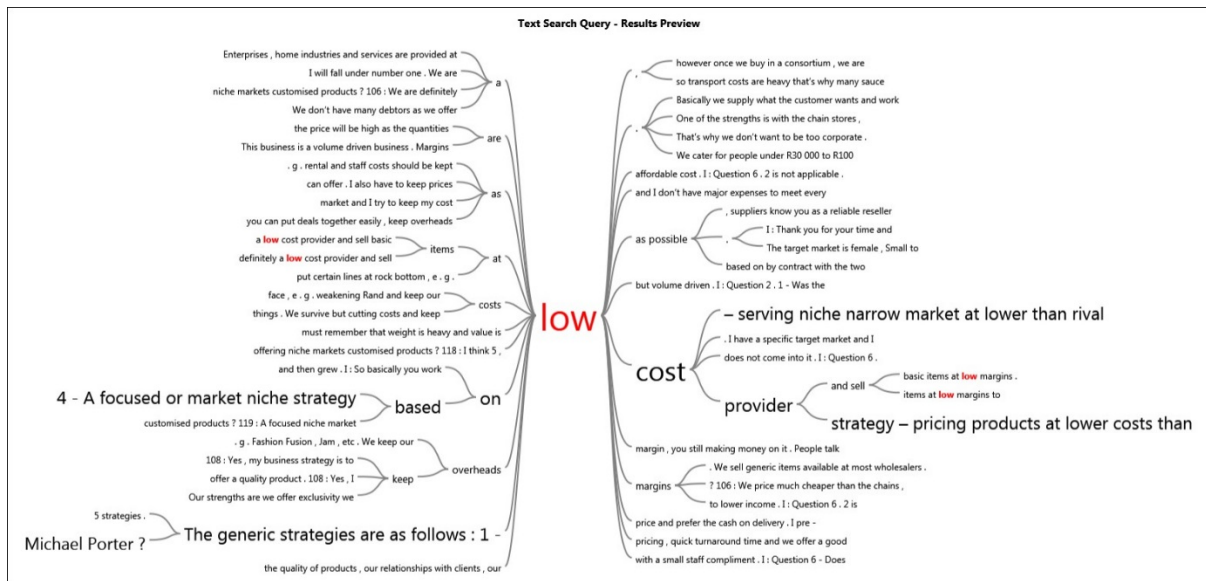


Figure 9: 'Low' Tree Map

Source: Nvivo 10

Keeping costs as low as possible was an important factor for many of the respondents. This enables the organisation to remain profitable and trade through tough economic conditions. Some of the low concepts included being a low cost provider, working with low margins, selling at low pricing, etc.

4.5 CORE THEMES IDENTIFIED

Through execution of the data collection procedures, namely, the interview process, a number of concepts were apparent. However there were certain themes that were common and stood out from the interview process. These themes were trending across a number of organisations and played an important role in the businesses achieving their goal and objectives.

In order to distinguish between the various respondents that participated in the study, the following table provides a brief indication of the respondents' business sector and focus area:

RESPONDENT	BUSINESS SECTOR / FOCUS AREA
ONE	Importer and pre-packer of staple foods such as rice, beans and maize
TWO	Textile and haberdashery Importer, wholesaler and retailer
THREE	Importer and retailer of contemporary home furniture
FOUR	Supermarket supplying imported and local products
FIVE	Cricket academy offering private cricket coaching
SIX	Furniture and appliance retailer supplying the low income market
SEVEN	Small to medium engineering solutions business
EIGHT	Promotional items / Corporate gifts supplier
NINE	Canteen / coffee shop situated in business / office park
TEN	Property investment company
ELEVEN	Importer of clothing and textiles supplying mini chain stores
TWELVE	Importer and wholesaler of motorsport / car accessories
THIRTEEN	Sauce manufacturer supplying the catering and retail trade
FOURTEEN	Importer, manufacturer and distributor of household textiles
FIFTEEN	Importers and manufacturers of confectionery and other products
SIXTEEN	Importer and wholesaler of fabric and clothing
SEVENTEEN	Garden Nursery
EIGHTEEN	Swimming School
NINETEEN	Gourmet Catering Company
TWENTY	Accountant and business consultant in private practice

Table 3: Respondent description

Source: *Interview Procedures*

The following diagram illustrates some of the concepts that were identified versus the industries from the data collection process:

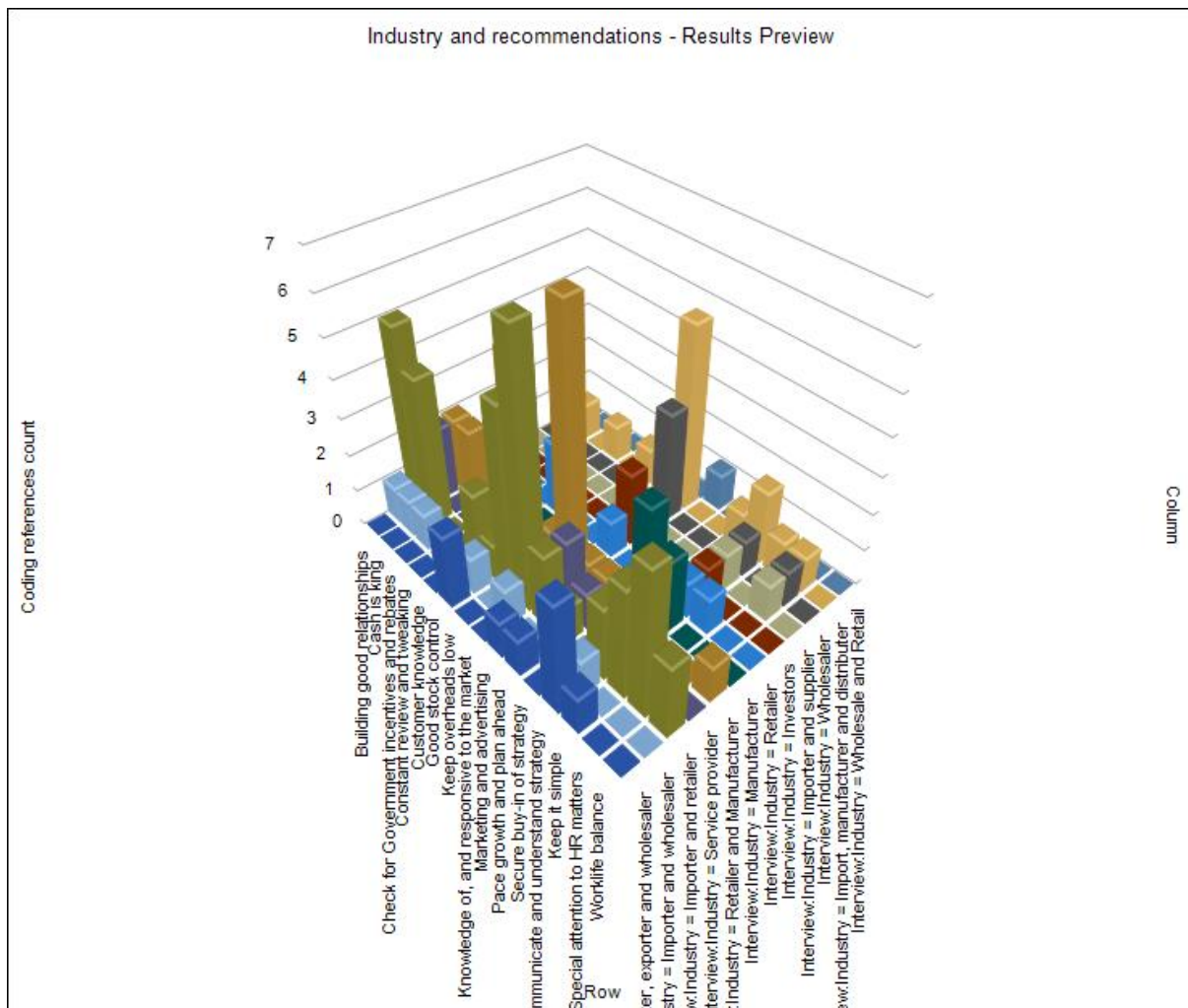


Figure 10: Concept Generation

Source: *Nvivo 10*

Some of the popular concepts identified above include keeping overheads low, cash is king, building relationships as well as strategy responsiveness to the market. These are further analysed below.

On analysis and scrutiny of the data based on the above, the following core themes were identified:

4.5.1 STRATEGIES EXIST AND ARE COMMUNICATED

All of the businesses interviewed confirmed that their organisations are driven by a strategy, however not many had formally documented their strategy. The majority of businesses had strategies in place, some simple, others more advanced in nature including marketing and pricing strategies, etc.

Although not formally documented, some were robust in nature, e.g. Respondent One, an independent importer of staple foods explained:

“Yes, there is a strategy in place, we have a vision, we have a goal, this is translated into the sales team, there are budgets set in place, managers are measured in terms of sales against budget”.

This was further supported by Respondent Four, an established supermarket who considered strategy an important part of his business stating:

“From day one we have to strategise”.

Respondent Twelve, a leading automotive accessories importer, when questioned on whether he possessed a strategy replied:

“Yes, we have a business strategy and marketing strategy, internet marketing, daily sales promotions, on-line advertising”.

Others such as Respondent Fifteen, an importer and distributor of confectionery and related products explained:

“Yes, we do have a strategy in place. We have a simple strategy and since we not the cheapest in this market, we offer a good quality product”.

The lack of documented strategies on the sample interviewed is depicted by the graph below:

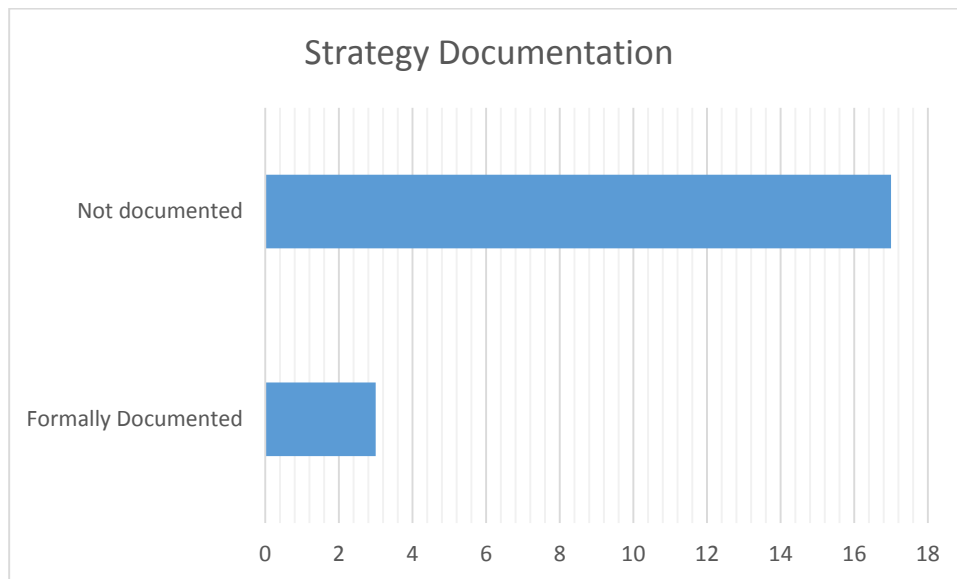


Figure 11: Strategy's documented chart

Source: *Data collection*

Per Figure 11 above, only three of the twenty respondents interviewed had formally documented strategies. A contributing factor to the lack of formal strategies was that SME's are predominately run by the business owner who drives the strategy as well as due to the small size of the some of the businesses, they have not identified the need to document their strategy but rather having the strategy at the top of their minds and communicated to their employees.

The findings as depicted by Figure 11 confirm the research of Fulford and Rizzo (2012) that many small and medium businesses operate without a formal business strategy but these businesses are guided by the foresight of the owner-manager. Their behaviours and actions set forth the business on its strategic path.

The period for which the strategies covered was also established. The following diagram summaries the respondent's strategic period:



Figure 12: Strategic Period Graph

Source: *Data collection*

It can be noted from the above Strategic Period Graph that the majority of the respondents had short term strategies of one year or less, followed by medium to long term strategies of two to five years. For SME's dealing in basic goods and commodities, the strategies were short term as these are affected by various continuously changing macro-economic factors.



Figure 13: Strategy Review Periods

Source: *Data collection*

The above graph indicates that the majority of respondents interviewed, namely fifteen confirmed that they regularly review their business strategy, some on an annual basis and some continuously to determine whether it is adequate, responsive to the needs of the market or requires further enhancement.

Some examples of how often respondents review their strategy included:

Respondent One said:

"We review it on a monthly basis".

Respondent Six indicated:

"We constantly look at our strategy and are always networking."

Respondent Twelve mentioned:

"I review my strategy every six months".

Respondent Fourteen:

“We have a Strat session every two years”.

A distinguishing factor the enabled organisations to implement their strategy, be it formal or informal, was the fact that some of the respondent had communicated their strategies to managers and employees of the organisation, even though some of the employees may have held a junior position in the organisation.

Respondent Seven, an engineering company director that services amongst others, blue chip multinationals, places emphasis on communicating the business strategy to all employees because it is the employees that drive the business strategy. He stated:

“It is formally documented and communicated to all employees up to and including the man on the floor. Unless, they buy into it, the strategy is only a piece of paper”.

This is supported by Respondent Nine, the owner of a canteen/coffee shop in central Durban who said:

“My staff are aware and have to know my strategy for us to be successful”.

Respondent Twelve further supported this philosophy:

“No, it’s not formally documented but it is communicated to my core team”.

All organisations with one or more employees placed emphasis on communication of the strategy to their employees. Respondent Fifteen, an independent sauce manufacturer affirmed this practise:

“My employees are aware of how to maximise the strategy”.

Respondent Four in the running of his supermarket mentioned:

“I work on a yearly strategy and look at the price of fuel, inflation, etc.”

Those businesses with medium to long term strategies were more in non-basic goods and services, e.g. furniture, appliances, etc.as well as those whose businesses were evolved, established and stable.

Respondent Eighteen, the owner and instructor at a swimming school, who has been in business for many years, mentioned the following regarding her strategic period:

“It’s a maintenance strategy not a growth strategy. Approaching retirement age, looking at cutting back as opposed to growth”.

From the above analysis, it can be concluded for the sample of interviews performed:

- All respondents had strategies in place for their organisation, hence the strategy was considered an important aspect of the business, even though not all strategies were formally documented; and
- All strategies were communicated to and understood by the broader organisation so that they were aware of the strategy and could execute it accordingly.
- The strategic period is dependent on the commodities traded as well as the lifespan and current stage of the business.

The above findings depicting the existence of strategies predominantly run by the business owner support the research of Fulford and Rizzo (2012) who found that strategies are instinctive reactions to the business environment and small business are driven by the owner who are one and the same thing.

4.5.2 STRATEGIES EVOLVE AND ARE RESPONSIVE TO THE NEEDS OF THE MARKET

In today's challenging business world, SME's need to continuously be innovative and come up with new ideas to sustain their organisation as well as take their business forward. This was a prominent theme that was identified through discussions with respondents, especially with organisations that are continually affected by macroeconomic factors that appear to remain, affecting the South African economy currently and for the near future, namely, moderate to high inflation, high fuel prices, high interest rates, high unemployment, etc.

Respondent Three, a leading independent retailer of contemporary upmarket furniture commented:

"You have to move and change with the needs of the market".

The above supports the view of Pisano (2016) who mentioned that innovation results in a competitive advantage. Respondent One, when questioned on the adequacy and completeness of his strategy as well as whether it is responsive to market needs explained:

"It is an evolving strategy and we are always looking to improve the business and benefit therefrom" and "it is adaptable to the various market conditions, e.g. pricing and stock quantities, imports and exports".

Respondent Four, a retailer in consumer goods adds:

"We have to look at what's happening out in the market and adapt our strategy accordingly. Every day is a challenge for us and every day we have to look at something different" and "we need to be aware of what is going to happen on a daily basis to plan ahead."

Similarly, Respondent Ten, a property owner and investor has to always relook at his strategy as follows:

“The market is ever changing. We have to relook at our tenants leases on a continuous basis. We optimise our tenant mix on a continuous basis”.

This was emphasised and affirmed by Respondent Eleven, an established importer of textiles and clothing:

“There is room for improvement, we can’t be complacent and I’ve brought in my son to take this business forward”.

His view was supported by Respondent Thirteen:

“It’s an ongoing strategy that is re-looked at all the time. I look at what the market demands”.

Respondent Fourteen when questioned on his strategy’s market flexibility mentioned:

“Yes, the strategy adapts to market trends otherwise we would have lost out on market share”.

Respondent Fifteen, a confectionery importer explains his evolving strategy:

“We need to move the cheese all the time, be innovative with new products and diversify, e.g. we also have a factory that manufacturers detergents” and further, he mentions *“depending on the market, our strategy changes all the time, depends on the need”.*

The above lead to the conclusion that should an organisation remain complacent and continue business as usual day in and day out, there is a likelihood that this business would eventually fail.

The above findings regarding the ability of a strategy to evolve and be innovative supports Michael Porter's view as narrated by Magretta in her interview conducted by Allio and Fahey (2012), that ideas and innovations of other companies should not be copied but rather be adapted or reinforced to make the organization unique.

Based on the above responses obtained, one can conclude that many small to medium businesses are aware of the fact that the business environment is a dynamic environment and it requires the executive team to continuously look at their strategy and evolve it according to the needs of the market. Despite economic climates changing from booms to recession, etc., SME's strategies should be adaptable to cater for these changes.

This can be likened to moving out of the red ocean of challenges and competition into the blue ocean of new opportunity, as identified by Mauborgne and Chan Kim, failing which, would leave the business on the border of failure and financial ruin, with a mountain to climb in order to succeed.

4.5.3 KEEP IT SIMPLE AND COST EFFECTIVE

Two characteristics identified through the interview process that are interlinked and played an important part of the successful running of the business were '*Simplicity*' and '*Cost Effectiveness*'.

For SME's to remain profitable, they need to keep costs and overheads as low as possible through keeping the business strategy and related operation aspects, e.g. premises, staff structures simple. Especially through the initial phase, costs have to be contained.

Simplicity was highlighted by Respondent Eight, who runs a cost effective promotional goods business:

"Simplicity is key to my business".

Respondent One also highlighted this fact as follows:

“Going back to basics is key to a successful strategy”.

In addition, Respondent Nine when asked about the practicality of implementing her strategy, she responded:

Yes, I run my business with the KISS principle in mind, “Keep It Simple Silly.”

It was noted that an organisations ability to keep administrative costs and overheads as low as possible is a significant contributor to the effective execution of strategy in Durban. This translates to lower operating costs and higher profitability and net margins. Keeping overheads low is particularly important as it was observed through discussions that the ‘cost of rental and labour are moderately high in KwaZulu-Natal. In terms of keeping costs and overheads low, many respondents held this view. Respondent Three, in the running of his furniture business mentioned:

“Our strengths are we offer exclusivity, we keep overheads low” and “Overheads, e.g. rental and staff costs should be kept as low as possible”.

Respondent Eight concurred:

“My business strategy is to keep overheads low” and “I won’t invest in a fancy office, I keep costs to a minimum”.

Respondent Eleven, in the running of his fashion wholesale emphasised:

“We keep our overheads low with a small staff compliment”.

This was further highlighted by the Chief Finance Officer of a leading linen manufacturer:

“I handle a lot of things. We survive by cutting costs and keep costs low. That’s why we don’t want to be too corporate. It comes at a cost”.

Through the discussion with the above respondent, they prefer to not corporatise their business too drastically as this would result in an increase in costs and it could make the business unmanageable.

The above similarities relating to cost and simplicity was evident while conducting the interview process as none of the business premises visited were extravagant in nature, yet comfortable for the organisation to effectively execute their operations.

Keeping costs low and contained was also identified as a key element to address the 2007 recession by Tansey, Spillane and Meng (2014). As can be seen from the above, this feature should be incorporated into strategies during both stable market conditions as well as recessionary times. Hence the theme of simplicity and cost effectiveness is crucial part of the strategy that contributes to the success of these organisations.

4.5.4 EFFECTIVE CASH FLOW MANAGEMENT IS VITAL

One of the most important concepts and themes that has filtered through the majority of the discussions with respondents is that effective cash flow management is crucial to the success of the organisations strategy. Through discussions, it was noted that the economic climate that we operate in fluctuates. Despite the fact that strategies may vary and evolve to address these changes, an underlying contributor and backbone is effective cash management.

It was observed that maintaining sufficient levels of cash gives the company an advantage in that it is placed in a favourable position to negotiate better with suppliers to secure competitive product pricing. Through the ability to pay for goods upfront, it enables suppliers to reduce the price of goods and services significantly thus enabling independent organisations to on-sell these goods at favourable prices, more often, much cheaper than the larger chain stores.

Respondent Six, the owner of a leading furniture and appliance store in the central business district has said:

“Having cash is important to get the best deals”.

This is supported by Respondent Four, a leading independent supermarket who buys a lot of his product in bulk and attributes the success of his business to his cash paying ability. He has said:

“In any business, cash flow is extremely important. I look to buy at older prices. I contact the suppliers to ask for a cash price, to be more competitive. I pay in advance, so they give me a further discount before I even take the goods”.

From the above two statements, it is evident that having sufficient cash provides an advantage and buying power to the purchaser in that he/she can secure products at a lower more favourable cost that were they to purchase these on credit.

Respondent Seven, the owner and director of an engineering firm relies heavily on accurate cash flow information to make decisions and has stated:

“The biggest thing that runs any business is cash flow - Cash is king. I get a daily cash flow report starting every Monday at 8:00am”.

For him, having the right cash flow information enables him to make the right decisions.

This is supported by Respondent Eight, who mentioned:

“Cash is key to the business. We don’t have many debtors as we offer a low price and prefer the cash on delivery”.

Respondent Fifteen, an independent importer of confectionery has to carefully manage cash due to the slow turnaround time of importing and selling goods. He emphasised:

“Cash flow is everything to this business. There is a four month cycle for an imported container”.

Organisations need to effectively manage the cash flow cycle throughout the year when market conditions change. This view was confirmed by Respondent Sixteen who, when asked if the changes in market conditions affects his strategy, stated:

“Yes, the markets dictate our strategy and cash flow is very important”.

From the above interaction with the various SME's, it was identified and concluded, without a doubt that a key contributor, and the lifeblood of the success of any strategy is effective cash flow management, translating simply as the organisations ability to generate and sustain a positive cash flow in conducting its operations.

4.5.5 BUILDING RELATIONSHIPS IS IMPORTANT

Through discussions, it was noted that people all around the organisation, either internally, namely the employees of the organisation, or externally, being the likes of customers and suppliers are the major contributors to the success of the business. Internally, this is achieved through a dedicated workforce committed to strategy execution and externally, via the support of suppliers who provide the best prices and promotional deals and customers who culminate the cycle by purchasing the end product.

A crucial theme that arose to ensure that the all the people mentioned above contribute positively to the strategic goal of the organisation is to build positive, favourable relationships with these stakeholders. This attribute was identified as an important characteristic through a large number of the interviews conducted.

Respondent Eight was a strong supporter of this belief in the execution of his strategy. He mentioned:

“Maintain good relationships with your suppliers to get the best deals. I build trust with my suppliers”.

In order to be competitive, through effective relationships and effective cash flow management, organisations have to negotiate the best deals with suppliers and their representatives so that these savings can be passed on to customers.

The importance of having favourable relationships with customers and suppliers was also emphasised by Respondent Fifteen who said:

“Relationships are important. Our customers are Spar, Checkout, Rhino, etc. We have a distributor in Cape Town. We import from Dubai, India, Oman”

Respondent Four relies heavily on relationship building and highlights the importance of maintaining good relationship with product representatives:

“The most important person in business is not the supplier but it is the rep as he gives you the best deals”.

Securing deals become attractive to consumers and these promotions will contribute to customers becoming frequent consumers. An example of how Respondent Four secures deals is described as follows:

“I work closely with big corporates and they give us something called “facilitators”, e.g. if you buying sunlight liquid, sunlight washing powder, so a facilitator can be a loafer (sponge) or bucket or dish. So the customer, is incentivised to buy the basket of products”.

He further relies on negotiating with other similar sized organisations to secure even better pricing as opposed to if he were to negotiate on his own. He explains:

"I purchase as part of a buying group to get the best deals. E.g. If I had to go to Kellogg's and buy direct, the price will be high as the quantities are low, however once we buy in a consortium, we are buying more quantities and get a better deal".

Respondent Four, when questioned on whether he has a business strategy supported the importance of negotiating and buying at favourable prices, and responded:

"Yes, our strategy is to buy products from other dealers, buy excess stock from dealers for cash and sell cheap to cater for the poor man. We price much cheaper than the chains, e.g. we sell a Hisense fridge at R2 499 while Makro sells it at R3 000".

This was further supported by Respondent Eight who is reliant on receiving products at the best price who indicated:

"Maintain good relationships with your suppliers to get the best deals".

Respondent Sixteen highlighted that internal relationships are very important:

"Understanding and good relationships amongst senior management is important. Respect and appreciation for the elder business partners / founding members are important".

The needs of customers must be adequately addressed this is effectively managed through understanding their needs by forging close relationships. Respondent Nine agreed with this belief:

"We also develop a relationship with our clients and know their preferences, offering a personalised service".

Respondent Twenty, a solo proprietor that provides accounting and related advisory services to her clients also concurs and relies heavily on her close interactive relationships with her clients in order to provide the best service levels. She indicated:

“It is the high levels of customer service that I offer that is a priority to my business and it’s an important part of my strategy. My clients can put a face to my service and I’m not just a clerk sitting at the offices on the other side of the telephone line. Through this relationship, the client is more willing to call me and give me more work. I aim for business continuity. I am technically competent, I maintain favourable relationships”.

As can be seen from the above, building relationships with the relevant role players is vital to successful strategic execution. This was concurred in research conducted by Spillane and Meng (2014) on organisation’s response to the global recession of 2007 that identified that improving relationships with stakeholders is a critical characteristic of a business strategy especially in difficult financial circumstances.

4.5.6 FLUCTUATION IN THE EXCHANGE RATE AFFECTS THE BUSINESS STRATEGY

Through the interview process, it was noted that the majority of products sold by a large number of respondents were manufactured overseas. Some respondents are direct importers whilst others imported products through intermediaries. All of these businesses interviewed that are involved in import or export activity were adversely affected by the current deterioration of the SA Rand against the US Dollar and other currencies.

Respondent One, a leading independent importer and distributor of staple foods had aptly summarised the effect of the currency devaluation on his strategy as follows:

“It’s challenging to execute as the market is a very volatile market, dealing with fluctuations in exchange rates and commodity prices and we cannot control these factors, hence we have to adapt our strategies accordingly.”

Respondent Eleven, an established fashion and textile importer and distributor, when asked about the ease of execution of his strategy responded:

“We are adversely affected by the exchange rate that affects our strategy”.

This was further supported by Respondent Twelve, a local wholesaler and distributor of car accessories, who, when asked about the adaptability of his strategy and growth of his business, said:

“Yes, we always trying to get more clients and always create a demand for our products. We notice that there is currently a demand for our products. This despite the tough economic conditions and the fact that we are also adversely affected by the exchange rate”.

It was identified that the current exchange rate has made the cost of importing products very expensive and this has forced many of the respondents to re-look at their business strategy. For certain products, these SME's have no choice but to import as the quality of locally manufactured product is not up to required quality.

This was true for Respondent Three who retails furniture. He emphasised:

“It was identified that locally made products were not of a high quality hence the need to import. Our products contain the expensive leather look. Some products come from Italy while others come from China.”

So severe has the exchange rate deterioration been that it has forced some businesses to relook at their strategy and consider a shift from a high reliance on imports to local sourcing and manufacturing. This was the case for Respondent Two who imports textiles and haberdasheries. He mentioned:

“We have hit the wall going forward since our current business is 80% reliant on imports and due to the weakening of the Rand against the Dollar, we have to look to a change in strategy hence the move to manufacturing in future.”

Hence the common theme identified from the above is that most importers as well as other businesses are impacted by fluctuations in the exchange rate. They have to

continuously relook at their strategies, their pricing and sourcing strategies as well as their product mix to identify methods of counteracting this adverse situation.

The above were six common themes that were identified from the analysis of the data collection procedures. These themes formed an integral part of the organisations business strategy.

4.6 COMPETITIVE STRATEGIES IDENTIFIED

One of the objectives of the research was to identify, which, if any, of the competitive strategies, specifically those strategies developed by Michael Porter in the 1980's are currently being used by SME's in Durban.

Porter's Competitive strategies are identified as the following:

1. Low cost provider strategy – pricing products at lower costs than rivals;
2. Broad differentiation strategy – differentiating the company's products from its rivals and appealing to a broad market;
3. A best cost provider strategy – offering products incorporating the best product attribute at lower than rival costs;
4. A focused or market niche strategy based on low cost – serving niche narrow market at lower than rival costs;
5. A focused or market niche strategy based on differentiation – serving niche narrow market and offering niche markets customised products.

The sample of respondents were questioned in respect to the type of strategy they followed. The results were as follows:

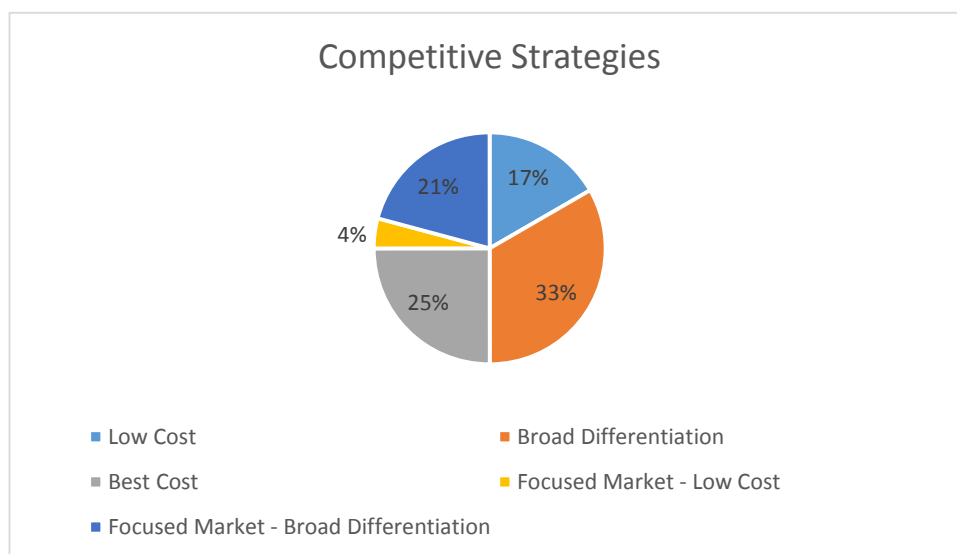


Figure 14a: Competitive Strategies

Source: *Data collection*

Every one of the sample verified fell into one of Porters competitive strategies. As per Figure 14a pie chart, thirty three percent of the respondents followed a Broad Differentiation strategy, followed by twenty five percent who applied a Best Cost strategy. This shows that a large portion of SME's offer a broad range of products yet differentiate these from their competitors. Quality and price are also important as businesses seek to source products with the best cost attribute, hence this could be a key factor driving the high percentage of imports.

The remainder of strategies adopted equate to twenty one percent that followed a Focused Market - Broad Differentiation strategy and seventeen percent with a Low Cost strategy. A minority of the respondents applied a Focused Market – Low Cost strategy.

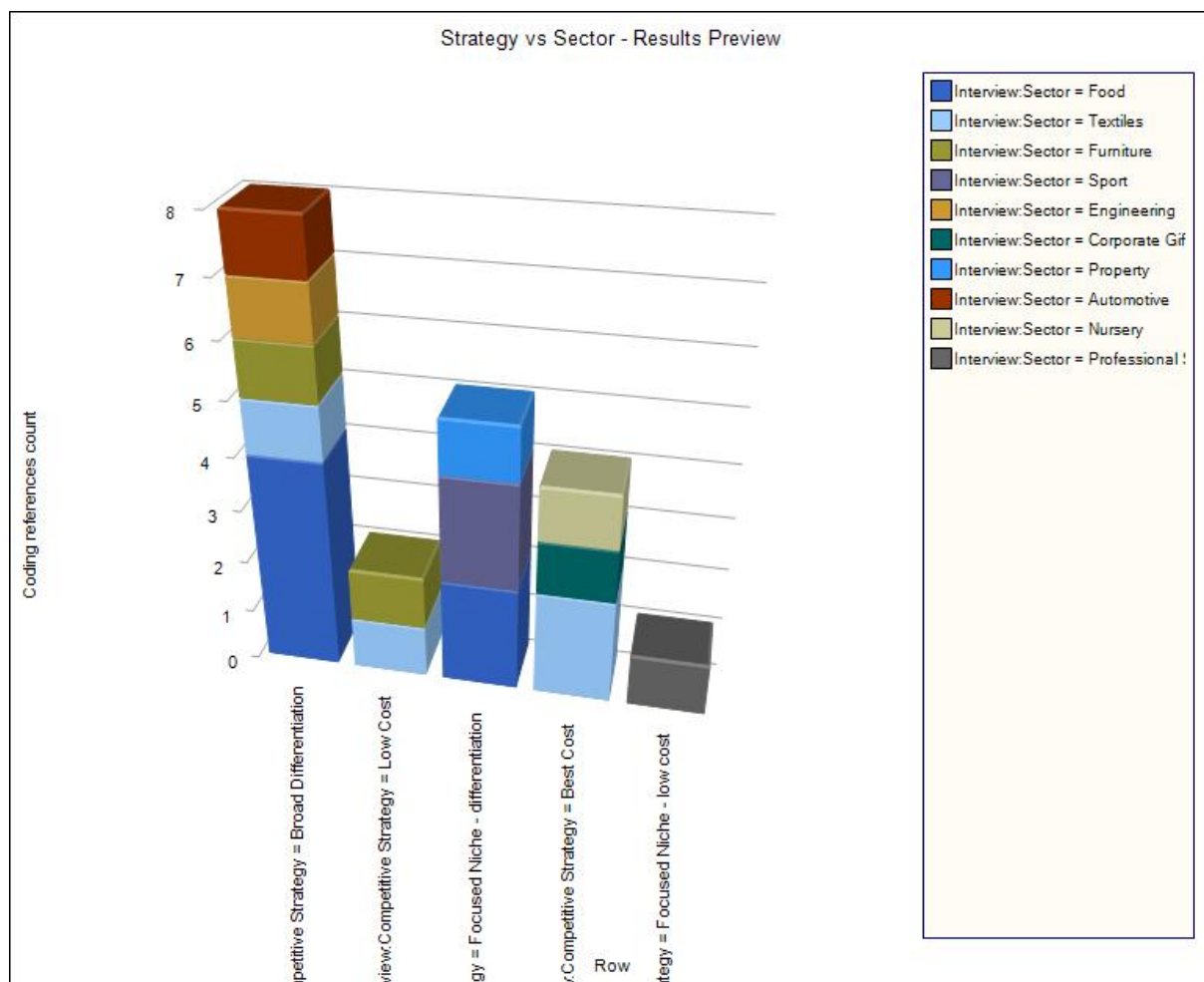


Figure 14b: Competitive Strategies per sector

Source: *Nvivo 10*

Per Figure 14b, the Focused Market - Broad Differentiation strategy was the most popular and this enabled businesses to target a particular sector, yet offer a variety of products. Companies interviewed in the food, textiles, engineering, furniture and automotive sectors fell into this category. It was surprising to note that low cost strategies were not the most popular. There could be many reasons for this, one being that not many businesses can make a low cost strategy viable if costs and overheads are not low as well. Many of the respondents stated the importance of keeping operating costs as low as possible. This will thus enable the organisation to supply goods at a lower competitive cost.

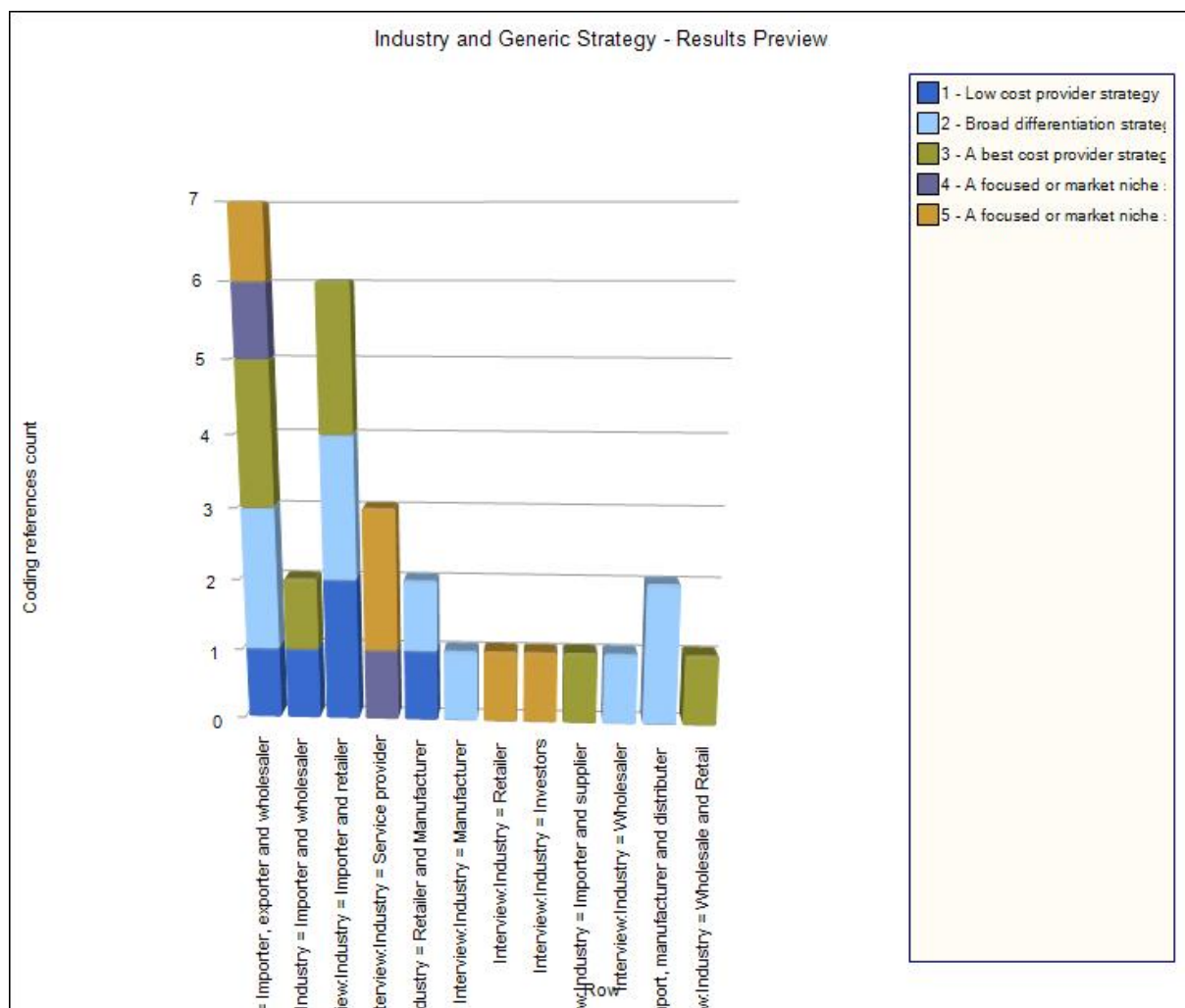


Figure 15: Strategy Classification

Source: *Nvivo 10*

The above coding classification depicts the prominent strategies of Broad Differentiation and Best Cost Provider featuring as market leaders across the various industries of retail, wholesale, import and export.

Surprisingly, the majority of respondents were not familiar with the theoretical research of Michael Porter's Competitive Strategies. This confirmed the findings of Box and Miller (2011) where respondents were unaware of the term generic strategy. However, on further analysis, all of the samples in this study slotted into one of the competitive strategy categories, indicating that indirectly, they do follow one of the competitive strategies. This is testament to the fact that Porter's research is supported in today's climate.

Two respondents were supportive of the view of Salavou (2015) that businesses should adopt a hybrid strategy combining more than one generic strategies as their strategies overlapped into more than one competitive strategy type. In summary, businesses do adopt, either knowingly or indirectly Porter's Ccompetitive Strategies best suited to their business and this ultimately contributes to their business success.

4.7 SWOT ANALYSIS

Through the review of data collected, a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis was performed for the Small and Medium Enterprises and the following characteristics were identified:

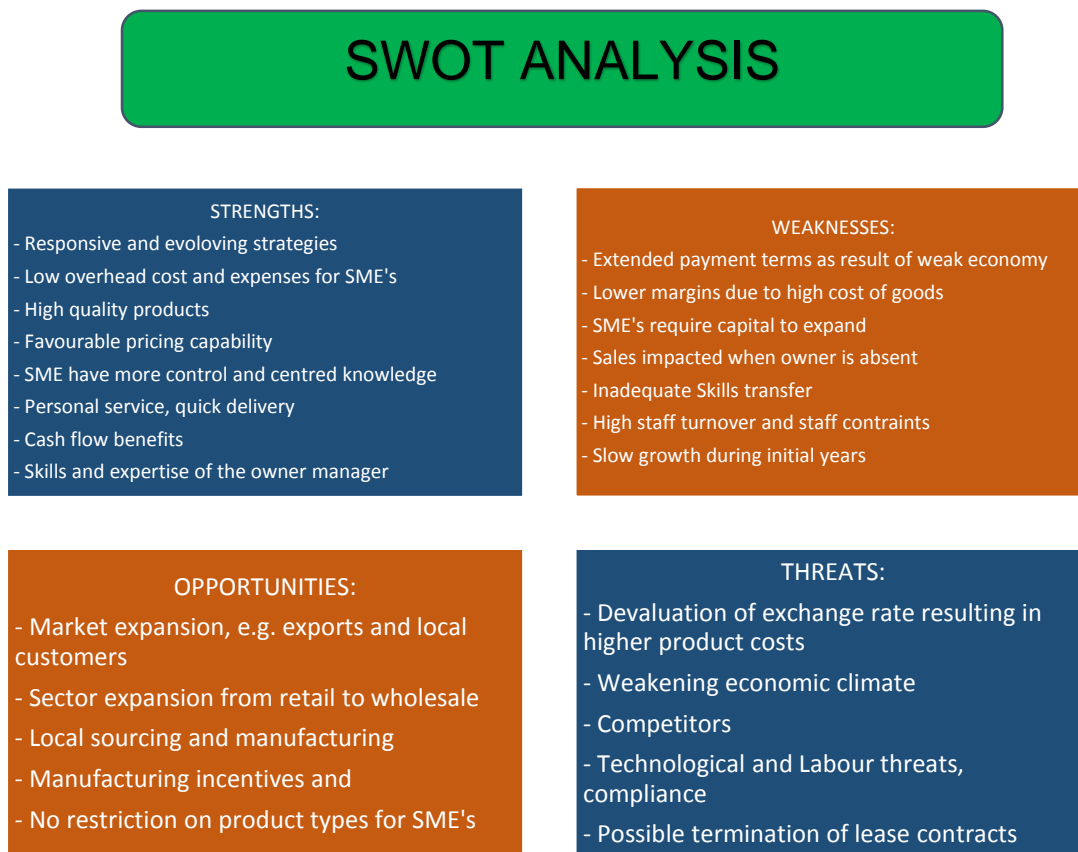


Figure 16: SWOT Anaysis

Source: *Data collection*

The SWOT analysis indicated the common characteristics prevalent amongst some of the SME's that were interviewed. A common strength from a strategic point was that the owners are knowledgeable and able to drive the strategy across the organisation. They are in a position to bring the best products and mark them at favourable prices. Having sufficient cash flow enables purchasing power.

These strengths support the findings of Yang (2012) in research conducted on Small Business and International Entrepreneurship that the benefits identified of being a small company include low cost, flexibility and speed of execution which can be harnessed to enable the company to enter into the appropriate markets.

However, being the owner manager does come with its weaknesses in that, if the owner is not available for a certain period, the execution of the strategy is impacted. Another weakness prevalent is the high cost of goods resulting in lower profit margins. This was due to the major threat of the currency devaluation that has already affected the economy. Other threats include the impact of competition and technological and labour implications.

The above weaknesses and threats follow similarities to certain challenges identified by Dima, Grabara and Okwiet (2012) on their research on SME's in European countries, e.g. lack of a skilled workforce, entrepreneurs define strategy (e.g. owner centered), legal and compliance challenges.

Despite these weaknesses and threats, SME's persevere and look for opportunities to grow their business through identifying new markets, new products and seeking locally manufactured goods.

4.8 STRATEGIC LINK TO BUSINESS SUCCESS

One of the objectives of this study was to determine if the strategies of SME's are linked to the success of the business in volatile markets. In other words, does the strategy drive the business and contribute to its growth and profitability when market forces change?

This question was posed to the respondents during the interview process. Nineteen of the twenty respondents confirmed that there is a link between their strategy and the success of the business.

The following stacked graph summaries the respondents view of their strategies link to performance:

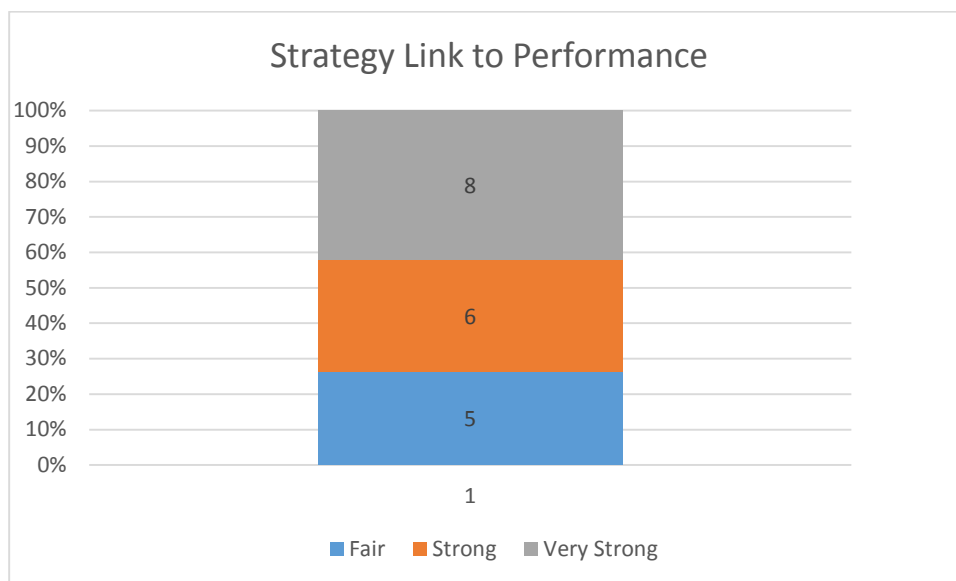


Figure 17: Link of performance

Source: *Data collection*

Nineteen respondents that agreed that there was a link of their current strategy to their business performance. The one exception was an established business that is near the end of its business cycle with the owner soon to retire and close shop. The strategy adopted by this business is one of a maintenance strategy whereby the organization

is in existence to maintain and service its existing client base and does not seek growth or expansion.

Eight respondents or forty two percent of the nineteen samples held the view that there is a very strong link between their business strategy and their businesses performance. Thirty two percent indicated that there is a strong link with the remaining falling into the fair category.

As we have seen under 4.5.2, a majority of the respondents have strategies that evolve with the needs of the economy and market conditions. This includes situations when the market experiences a boom as well as when it experiences a recession.

The above findings are supported by the research of Magretta as reported by Allio and Fahey (2012) that organisation's should have oversight between strategy and the financial performance of the organization and link the strategy to the results of the company.

4.9 OTHER FINDINGS – SECONDARY THEMES

As a result of the data collection process, in addition to the primary themes and concepts identified above, the following additional areas or secondary themes were identified as having an impact on the respondents' strategies:

4.9.1 MARKETING PLAYS AN IMPORTANT ROLE IN REVENUE GROWTH

A few of the respondents highlighted marketing and advertising as an important aspect of their strategy. It's a means to promoting the company's products beyond its current market. Many found that they have not invested adequately into marketing their business.

Respondent Twenty when asked about the adequacy of her current strategy, said:

“It does require further development, e.g. through improved advertising and marketing. Currently I gain clients through word of mouth. Its sufficient but can definitely benefit from advertising”

This view was supported by Respondent Eight who was of the view:

“Marketing needs more focus.”

Respondent One has seen the need to further market his products and has outsourced this function. He mentioned:

“We busy appointing an agency to assist with marketing.”

The importance of advertising was supported by Dima, Grabara and Okwiet (2012) who identified it as a vital component of developing a successful strategy.

Overall marketing and advertising did come up as an important aspect of a business strategy which seems to have not been adequately prioritised.

4.9.2 WORK LIFE BALANCE IS IMPORTANT

A few of the businesses interviewed ranked having the right work life balance and quality of life is an important aspect of their business strategy.

Respondent Four when asked about opportunities to grow his business mentioned:

“I get opportunities to take on new stores every two weeks. Where do I put myself? For me the quality of my life is very important. I got my time, family time and shop time. Currently I’m satisfied with the nature, size of business, however I can look at introducing other products”.

This view was further supported by Respondent Thirteen who had a similar answer when questioned on the growth potential of his business:

“There is huge potential to grow but we are satisfied with the current size of the business. This is manageable. I am closed on weekends. I can manufacture 24 hours if I want but I’m satisfied with what I have”.

Respondent Eight as well, when asked about the adequacy of his current strategy said:

“Yes, it works for me but I can improve it drastically. Currently the business size suits my lifestyle”.

It is evident from the above that a portion of SME owners rank quality of life and work flexibility an important component of their business strategy. Having this flexibility gives them the ability to execute their strategy more effectively.

4.9.3 EMPLOYEE WELL-BEING AND JOB SATISFACTION IS IMPORTANT

A number of respondents commented that investing in your staff and adequately remunerating them, thus ensuring they are kept happy and satisfied is a key contributing factor to a successful strategy.

Respondent Three summarised this concept as follows:

“For your business to succeed, your staff have to be happy, you need to look after them and remunerate them well and they will be loyal, invest in their training to keep them well equipped on your products”.

This was further supported by Respondent Eleven who stated:

“An important aspect is to find the right staff and incentivise them correctly”.

Respondent Twelve had a similar view:

“Provided we have the right manpower and a willing team, I keep them incentivised, with good benefits”.

It can be seen by the above quotations that a number of respondents value the contribution of their staff to their business and are willing to invest, remunerate and adequately incentivise their staff.

These points support the findings of Cismas, et al. (2012) that employee relationship is vital. Thus in addition to the other themes identified, staff well-being is also an important characteristic that SME's should be aware to ensure this area of the business is adequately addressed.

4.10 SUMMARY

In this chapter, the common strategic themes prevalent across a sample of SME's in Durban were identified. The competitive strategies utilised by these businesses were distinguished together with an in depth SWOT analysis that highlighted significant strengths and weaknesses of these companies. Finally, the strategic link to organisational success was also established. These results are further explored in chapter five.

5. RESULTS, CONCLUSIONS AND RECOMMENDATIONS

In conducting this study, data was collected and summarised from a diverse source of organisations, yet despite this diversity, common themes and characteristics were identified as reported under Sections 4.

5.1 FINDINGS APPLIED TO THE RESEARCH QUESTIONS AND VARIATIONS

The objectives of the study were primarily to answer the specific strategy related research questions. Based on the data analysis and findings, the following are the results of the study interpreted against the research questions:

1. What are the views of small to medium business owners and executives situated in the greater Durban area regarding business strategies and their importance to countering varying economic conditions?

The results of the study indicated that a hundred percent of the sample interviewed considered a business strategy an important aspect of driving their business forward and achieving their goals and objectives. One respondent was applying a maintenance strategy rather than a growth strategy. This view was confirmed by the business owners or executives despite the fact that only three respondents formally documented their strategy. The majority of respondents were executing against a strategic though process predominately set out by the business owner.

Their understanding of the concept of strategy fell into the definition of strategy as defined by Hough, et al. (2011) and supported the view of Pisano (2016) that strategy sets out to achieve the organisations goal primality driven by the business leader.

The utilization of a business strategy confirms the research of Casadesus-Masanell and Ricart (2010) that organisations have learnt to interpret their competitive environment, identify their position and develop corporate and competitive

advantages. These factors can indirectly be considered the strategy of the organisation.

The ability of the SME strategy to counter varying economic conditions is supported by its ability to evolve and address the needs of the market. This was confirmed under section 4.5.2 where a number of the businesses interviewed confirmed that they adjust and amend their strategies when the economic climate changes. Amongst those that shared this view were Respondents One, Three, Four Ten, Eleven, Thirteen, Fourteen and Fifteen.

Communication of the strategy to the organisation was an important aspect of small and medium enterprises.

2. The second research question that this study sought to answer was, are SME business strategies comprehensively developed and how often are they updated and do these strategies take into account the principles of the generic strategies founded by Michael Porter?

What was found was that SME's don't formally document comprehensive business strategies. Only three out of the twenty respondents had a formal strategy in writing available in a hard copy. But nonetheless, this did not mean that the remaining seventeen did not have well thought out strategy. All of these businesses interviewed had well thought out strategic processes of how to run their businesses, e.g. in the identification of the target market they were operating in, the management of cash flow and strategic sourcing, in the interaction with their customers and suppliers through to marketing and advertising etc. Execution of strategy was observed at the place of business.

The above confirmed the findings of Fulford and Rizzo (2012) that many small and medium businesses operate without a formal business strategy but are guided by the foresight of the owner-manager.

Figure 13 under 4.5.1 confirmed the view that business strategies are reviewed on a regular basis with the majority of respondents indicating that they review their strategy within twelve months or less.

As was evident in the analysis and discussion under section 4.6, each of these businesses fell into one of the competitive strategy buckets as identified by Michael Porter, with the most common business strategy followed being a Broad Differentiation Strategy as evident by Figures 14a and 14b. This is testament that the research and theories of competitive strategies, as developed by Michel Porter in the 1980's still remains applicable, are valid, and very much alive in modern society thirty six years later, supporting the view of Salavou (2015) that Porters strategies are widely accepted as a leading source of theoretical strategies.

The application of Porters strategies today, contradict the research of Parnell (2006) and Salavou (2015) that Porters strategies would face a lot of challenges in modern society, due to possibly, the specific nature of modern society and the intensity and pace of the current business environment. However despite the complexities of modern business and the rapid pace of technological advancement, the findings of the research confirmed that the principles of Porters competitive strategies are being applied by the SME today in Durban.

3. The third question that this research set out to answer was, is there a link between the business strategies of small to medium enterprises and their success in volatile market conditions?

Section 4.8 presented the analysis of finding that nineteen respondents confirmed that there is a link between their business strategies and the success of their business. The once exception was Respondent Eighteen who was currently in the latter phase of her business approaching retirement and whose strategy was one maintenance and not growth, however maintenance could also be viewed as contributing to the success of the business.

The findings under Section 4.5.2 have confirmed that the majority of SME's interviewed are of the view that their strategies have to be capable of evolving to cater for volatile markets, failing which they would be in deep trouble and possibly facing closure.

The ability to evolve contributes to successful execution which ultimately leads to the organisation achieving its goals and objectives. Evolution of strategies can be attributed to

Research by Dima, Grabara and Okwiet (2012) identified that SME's are more vulnerable in times of economic crisis however one of the factors that contribute to SME's surviving this crisis is their simplistic finance structures. In relation to the research in this study, this would be attributable to the findings that effective cash flow management is vital to the success of the organization as explained under 4.5.4.

This study further supported the research by Yang (2012) who found that the benefits identified of being a small company benefit the company in the time of volatile economies and economic downturn. These benefits include low cost, flexibility and speed of execution which supports the business strategy.

Based on the findings of this study, it was evident that there is a link between the organisations strategy and its success in ever changing market conditions.

4. The final question was, how do the views of SME business owners and executives contribute to a more comprehensive understanding of business strategies and its contribution to the success of the organisation?

The primary purpose of this study was to qualitatively explore whether SME's in the greater Durban area have developed robust business strategies. The intent was to assess the adequacy of business strategies developed by SME's. Through the research instrument, being the interview process, this enabled information to be gathered directly from the business owners and senior management.

Through this interaction with business owners and the analysis of data, various themes and concepts were identified. Common themes identified included:

- Business Strategies exist and are communicated
- Strategies evolve and are responsive to the needs of the market
- Keep it simple and cost effective
- Effective cash flow management is vital
- Building relationships is important
- Fluctuations in the exchange rate affects the business strategy
- Marketing plays an important role in Revenue Growth
- Work Life Balance is important
- Employee Well-being and job satisfaction is important

The above themes provided an in depth understanding of the factors that business owners in Durban consider in the running of their business and execution of their strategy. It provided input into the key characteristics that influence decision that SME owners make.

Various strategic thought processes were discussed, e.g. keep costs, low, negotiate the best deals, maintain sufficient cash flows, etc. that are executed and considered by SME owners. These factors positively contributed to a more comprehensive understanding of how business strategies are formulated, executed and contribute to SME success in Durban, Kwa Zulu Natal.

5.2 CONCLUSION

In this study we have looked at various small to medium businesses across Durban and have had the opportunity to engage with the leadership of these organisations to gain an understanding of their view on business strategy.

We identified relevant themes that filtered through the data collection process and discussed these themes in relation to the information provided by the respondents as well as considered literature in the field of this study.

A link was established between the findings of this study and the research questions raised. Through the data collection process, strengths, such as owner experience, weaknesses, e.g. high staff turnover, opportunities, the likes of growth and expansion as well threats such as the weakening exchange rate and competition were identified and this information provided valuable input into factor that affect SME's.

We have explored the problem statement and determined that:

1. Small to medium enterprises (SME's) in the greater Durban area do have adaptable, evolving and effective business strategies to counter varying economic market conditions and these strategies are reviewed on a regular basis.
2. The information obtained and analysed indicated that these strategies are in certain cases robustly designed and in some cases informally conceptualised by the business owner. We confirmed that all of the businesses under review had a strategy that contained the features and characteristics of the generic competitive strategies developed by the well-known economist Michael Porter.
3. We also established that there was a link between the strategy executed and the success of the business, thus confirming that the success of the business is guided by the organisations strategy.

The core themes identified provide valuable input into understanding key drivers that influence SME strategy in Durban. Businesses need to take cognisance of these concepts in order to maximise their strategic output and address market instability.

5.3 RECOMMENDATIONS

The economic environment is ever changing. Favourable conditions will be met with adversity and vice versa. This need not mean the end of small business. Instead, this research has confirmed that SME's can strive in times of adversity through effectively focusing on the themes identified in this study and creating strategies that are adaptable, evolving and respond to the needs of the market.

5.4 AREAS FOR FURTHER RESEARCH

This study focused on business strategy at the organisational level of SME's, namely to determine if these organisations do possess tailored strategies, if so, are these well documented and comprehensive in nature and do these strategies contribute to the success of the business. The study did not go further to analyse the Vision, Mission and Key Performance Indicators of strategies developed by these organisations. Further research can consider analysing the detail underpinning the strategy to determine how SME's measure against these goals and objectives.

This study concentrated on SME's in Durban and surrounding areas. Further research can include the expansion of the geographic location from Durban and surrounding areas to the outlying areas of the province of KwaZulu-Natal as well as the national footprints. Furthermore, the respondent base consisted of organisations across various industries, e.g. textiles, consumer goods, property, catering and the motor industry, etc. This was a broad range to determine if strategies exist across sectors. Further research can consider expanding the industry base to go beyond what was covered in this study and cover other areas such as the medical field, financial services, mining and construction, etc. This no doubt will provide valuable strategic information to these sectors of the economy.

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APPENDIX 1 – QUALITATIVE INSTRUMENT – INTERVIEW SCHEDULE

Interview Template / Schedule

Note: This template will be completed by the researcher during the interview process.

Study: A study on business strategies adopted by small to medium enterprises in the greater Durban area.

Researcher	Junaid Yusuf Bhayat (Student No: 961074567)
Participant	/ Anonymous
Participant Organisation	/ Anonymous
Location	/ Anonymous
Date	
Time	

Part 1 - Checklist:

1. Consent form to be completed by the participant prior to commencement of the interview	YES / NO
2. Researcher to highlight confidentiality of the interview information obtained	YES / NO
3. Researcher to briefly introduce the project, its purpose and objectives	YES / NO
4. Researcher to activate sound recorder (if permission granted)	YES / NO

Part 2: Interview Questions

Question 1

1.1 Does your organisation have a business strategy?

(Definition: Strategy consists of the competitive moves and business approaches that managers employ to grow the business attract and please customers, compete successfully, conduct operations, and achieve the targeted levels of business performance (Hough et al, 2011 – Crafting and Executing Strategy)

YES / NO

If NO, proceed to question 10

1.2 Is your organisation's strategy a comprehensive business strategy? YES / NO

1.3 Is the strategy formally documented and communicated to the relevant employees within the organisation? YES / NO

1.4 Is the strategy considered easy and practical to implement? YES / NO

Question 2

2.1 Was the strategy developed in-house or outsourced?

In-house	Outsourced	Other
----------	------------	-------

2.2 If developed in-house, who were the key developers of / contributors to the strategy?

Business Owner	Senior management and executives	Other
----------------	----------------------------------	-------

Question 3

What period does the organisation's strategy cover?

1 year or less	1 – 2 years	2 - 5 years	5 years or more
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Question 4

How often is the strategy reviewed?

Never	1 year or less	2 years or less	2 - 5 years	6 years or more
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Question 5

Does the strategy cater for different market conditions, e.g. economic slowdown, recession, economic boom?

Question 6

6.1 Does your organisation's strategy follow any of the characteristics of the generic competitive strategies as initially developed by Michael Porter? The generic strategies are as follows:

Competitive Strategy	Implemented or similar: YES / NO
1. Low cost provider strategy – pricing products at lower costs than rivals	
2. Broad differentiation strategy – differentiating the company's products from its rivals and appealing to a broad market	
3. A best cost provider strategy – offering products incorporating the best product attribute at lower than rival costs	
4. A focused or market niche strategy based on low cost – serving niche narrow market at lower than rival costs	
5. A focused or market niche strategy based on differentiation – serving niche narrow market and offering niche markets customised products.	

6.2 If your organisations strategy does not follow any of the generic strategies above, what theoretical strategy does it follow?

6.3 Would you like to share any information regarding your organisations business strategy?
YES / NO

Question 7

7.1 Do you consider a link between the performance of your business and the organisations strategy?

YES	NO	MAYBE
-----	----	-------

If Yes, on a scale of 0 to 5, how strong is the link? (0 being weak and 5 very strong)

1	2	3	4	5
---	---	---	---	---

7.2 Do you consider your organisations business strategy as effective?

On a scale of 0 to 5, how effective is your current strategy? (0 being ineffective and 5 highly effective)

1	2	3	4	5
---	---	---	---	---

Question 8

Do you consider your organisations business strategy as adequate or requiring further development?

Question 9

Has management adhered to the strategic plan or followed a different path?

Question 10

10.1 If your organisation does not have a business strategy, does management not consider a business strategy as valuable to the organisation?

10.2 Will your organisation consider developing and implementing a business strategy in the near future?

Question 11

Are there any other matters relevant to the research that you would like to raise?

11.1 _____

11.2 _____

11.3

Thank you for participating and contributing to this research. Your participation is appreciated.

APPENDIX 2 – RECOMMENDATIONS NODE

Recommendations

<input type="radio"/> Recommendations	0	0
<input type="radio"/> Building good relationships	6	11
<input type="radio"/> Cash is king	6	9
<input type="radio"/> Check for Government incentives and rebates	1	1
<input type="radio"/> Constant review and tweaking	2	5
<input type="radio"/> Customer knowledge	5	9
<input type="radio"/> Good stock control	4	5
<input type="radio"/> Keep overheads low	6	10
<input type="radio"/> Knowledge of, and responsive to the market	11	26
<input type="radio"/> Marketing and advertising	6	7
<input type="radio"/> Pace growth and plan ahead	5	5
<input type="radio"/> Secure buy-in of strategy	3	5
<input type="radio"/> Communicate and understand strategy	13	16
<input type="radio"/> Keep it simple	4	6
<input type="radio"/> Special attention to HR matters	5	7
<input type="radio"/> Worklife balance	2	3

Building good relationships

[<Internals\Interview 104>](#) - § 1 reference coded [0.83% Coverage]

Reference 1 - 0.83% Coverage

We communicate greatly with our suppliers. Your suppliers, reps, etc. are very important.

[<Internals\Interview 106>](#) - § 2 references coded [2.66% Coverage]

Reference 1 - 1.52% Coverage

That's a good strategy so you need to be in contact with your suppliers all the time?

106: Yes, when they have specials, you buy.

Reference 2 - 1.14% Coverage

Cash same time, if you do it that way, when the suppliers have a deal, they contact you first.

[<Internals\Interview 108>](#) - § 4 references coded [4.75% Coverage]

Reference 1 - 2.89% Coverage

So suppliers who know you may contact you last as they aware that you will pay the cheapest?

108: Correct, they sometimes use me to sell it elsewhere first. We can do any product, whatever you want we will get.

Reference 2 - 0.48% Coverage

always in contact with suppliers.

Reference 3 - 0.95% Coverage

Maintain good relationships with your suppliers to get the best deals.

Reference 4 - 0.43% Coverage

I build trust with my suppliers.

[<Internals\Interview 115>](#) - § 1 reference coded [2.35% Coverage]

Reference 1 - 2.35% Coverage

Relationships are important. Our customers are Spar, Checkout, Rhino, etc. We have a distributor in Cape Town. We import from Dubai, India, Oman.

[<Internals\Interview 116>](#) - § 1 reference coded [3.11% Coverage]

Reference 1 - 3.11% Coverage

Understanding and good relationships amongst senior management is important. Respect and appreciation for the elder business partners / founding members are important.

[<Internals\Interview 120>](#) - § 2 references coded [12.15% Coverage]

Reference 1 - 4.42% Coverage

Yes, the one thing that I can say with regard to my strategy is building relationships with my clients (long term relationships) is one of the key goals that I have, my clients can pick up the phone and contact me at anytime (I am open and approachable).

Reference 2 - 7.73% Coverage

It is the high levels of customer service that I offer that is a priority to my business and it's an important part of my strategy. My client's can put a face to my service and I'm not just a clerk sitting at the offices on the other side of the telephone line. Through this relationship, the client is more willing to call me and give me more work. I aim for business continuity. I am technically competent, maintain favourable relationships.

Cash is king

[<Internals\\Interview 104>](#) - § 2 references coded [1.37% Coverage]

Reference 1 - 0.47% Coverage

In any business, cash flow is extremely important.

Reference 2 - 0.91% Coverage

I: So cash flow is important to your business?

In any business, cash flow is extremely important.

[<Internals\\Interview 106>](#) - § 2 references coded [0.94% Coverage]

Reference 1 - 0.53% Coverage

Whenever you pay cash, you get the best deals

Reference 2 - 0.41% Coverage

basically, cash is king?

106: Yes,

[<Internals\\Interview 107>](#) - § 1 reference coded [3.05% Coverage]

Reference 1 - 3.05% Coverage

We have our goals defined, we do performance reviews, post job completion, personnel buy in is important. The biggest thing that runs any business is a healthy cash flow - Cash is King. "I get a cash flow report every morning at 8 o'clock.

[<Internals\\Interview 108>](#) - § 2 references coded [1.45% Coverage]

Reference 1 - 1.06% Coverage

I have debtors but I deal with cash customers. I have taken enough write offs.

Reference 2 - 0.39% Coverage

Cash is key to the business.

[<Internals\\Interview 115>](#) - § 1 reference coded [0.67% Coverage]

Reference 1 - 0.67% Coverage

Cash flow is everything to this business.

[<Internals\Interview 116>](#) - § 1 reference coded [0.54% Coverage]

Reference 1 - 0.54% Coverage

cash flow is very important.

Check for Government incentives and rebates

[<Internals\Interview 102>](#) - § 1 reference coded [1.95% Coverage]

Reference 1 - 1.95% Coverage

Have you checked for Government incentives/rebates?

I02: No, in fact I haven't checked yet. I need to register with the Department of Trade and Industry.

Constant review and tweaking

[<Internals\Interview 107>](#) - § 4 references coded [5.38% Coverage]

Reference 1 - 2.74% Coverage

I'm applying the lessons from my previous mistakes to the current organisation. We had a large engineering business with monthly Exco reports presented, but there was no interrogation, hence the business went down.

Reference 2 - 1.47% Coverage

I have a meeting with whole team every second week and a meeting with the sales and operations team once a week.

Reference 3 - 0.66% Coverage

The road to success is constantly under construction

Reference 4 - 0.51% Coverage

As you building itm you should checking.

[<Internals\Interview 115>](#) - § 1 reference coded [2.45% Coverage]

Reference 1 - 2.45% Coverage

“we need to move the cheese all the time”, be innovative with new products and diversify, e.g. we also have a factory that manufacturers detergents.

Customer knowledge

[<Internals\\Interview 103>](#) - § 1 reference coded [1.65% Coverage]

Reference 1 - 1.65% Coverage

c) It is important to right the customer's details down so that it is remembered and customers are followed up on

[<Internals\\Interview 104>](#) - § 1 reference coded [2.77% Coverage]

Reference 1 - 2.77% Coverage

The customers shopping experience is very important. I like to create a unique experience for my customers, take them down memory lane. E.g. I try to sell famous products, e.g. Rowntree sweets from the UK or products from Canada. I see it when I walk around, I hear them talking and know what they want.

[<Internals\\Interview 106>](#) - § 1 reference coded [0.57% Coverage]

Reference 1 - 0.57% Coverage

Customers want fancy products so we keep a range.

[<Internals\\Interview 109>](#) - § 2 references coded [3.83% Coverage]

Reference 1 - 1.78% Coverage

We also develop a relationship with our clients and know their preferences, offering a personalised service.

Reference 2 - 2.04% Coverage

we also have to make it affordable for everyone, and we offer a convenience to our customers so they don't have to travel far.

[<Internals\\Interview 113>](#) - § 4 references coded [6.51% Coverage]

Reference 1 - 2.07% Coverage

We see what the customers want, e.g. currently we are selling a lot of BBQ and mustard sauce to the informal sector, and this can be attributed to viewing similar products on television.

Reference 2 - 0.94% Coverage

I know what to give customers because if I give the wrong products, it won't sell.

Reference 3 - 0.82% Coverage

My reps see what the customers stock and recommends the right products.

Reference 4 - 2.68% Coverage

This business was in operation for eight years before I took over and it was making no money.
You have to know the game. If you don't know the customer, you will make no money.
Before, sauce was just tomato sauce, then evolved to chilli sauce

Good stock control

[<Internals\\Interview 101>](#) - § 2 references coded [1.95% Coverage]

Reference 1 - 0.67% Coverage

We get customised reports and do a monthly stock take.

Reference 2 - 1.28% Coverage

We on Pastel Evolution so on the touch of a button, we get the reports. We do a stock take every month.

[<Internals\\Interview 104>](#) - § 1 reference coded [2.52% Coverage]

Reference 1 - 2.52% Coverage

I can pull out a graph and see which item sold well in a month. Good stock control is important and you have to have the right systems to give you the right information. We can identify fast sellers and because I got the experience, I can tell you what to buy and when to buy.

[<Internals\\Interview 114>](#) - § 1 reference coded [0.92% Coverage]

Reference 1 - 0.92% Coverage

We offer reliable delivery to chain stores, adequate stock is maintained

[<Internals\\Interview 116>](#) - § 1 reference coded [1.04% Coverage]

Reference 1 - 1.04% Coverage

good relationship, service delivery, stock availability,

Keep overheads low

[<Internals\\Interview 103>](#) - § 2 references coded [1.98% Coverage]

Reference 1 - 0.87% Coverage

Our strengths are we offer exclusivity we keep overheads low

Reference 2 - 1.11% Coverage

f) Overheads, e.g. rental and staff costs should be kept as low as possible.

[<Internals\\Interview 106>](#) - § 1 reference coded [0.66% Coverage]

Reference 1 - 0.66% Coverage

You also need to find a place where have decent rental.

[<Internals\\Interview 108>](#) - § 3 references coded [2.59% Coverage]

Reference 1 - 0.73% Coverage

Yes, my business strategy is to keep overheads low.

Reference 2 - 1.06% Coverage

Yes, I keep overheads low and I don't have major expenses to meet every month.

Reference 3 - 0.80% Coverage

I won't invest in a fancy office, I keep costs to a minimum

[<Internals\\Interview 111>](#) - § 1 reference coded [1.04% Coverage]

Reference 1 - 1.04% Coverage

We keep our overheads low with a small staff compliment.

[<Internals\\Interview 114>](#) - § 2 references coded [2.17% Coverage]

Reference 1 - 0.37% Coverage

Rand and keep our costs low.

Reference 2 - 1.80% Coverage

I handle a lot of things. We survive but cutting costs and keep costs low. That's why we don't want to be too corporate. It comes at a cost.

[<Internals\\Interview 120>](#) - § 1 reference coded [0.63% Coverage]

Reference 1 - 0.63% Coverage

to keep my cost as low as possible.

Knowledge of, and responsive to the market

[<Internals\\Interview 103>](#) - § 1 reference coded [0.87% Coverage]

Reference 1 - 0.87% Coverage

b) You have to move and change with the needs of the market.

[<Internals\\Interview 104>](#) - § 5 references coded [5.34% Coverage]

Reference 1 - 2.10% Coverage

Every day is a challenge for us and every day we have to look at something different. In any business, cash flow is extremely important. About four or five months ago, I did a big revamp and I've seen the returns, at least 20%.

Reference 2 - 0.95% Coverage

we need to be aware of what is going to happen on a daily basis to plan ahead, e.g. for stock receiving.

Reference 3 - 1.26% Coverage

Certain things are going up in price but others are going down, e.g. the price of almonds. Hence I need to be aware of what's happening.

Reference 4 - 0.59% Coverage

You got to be aware of what's happening out there?

104: Correct.

Reference 5 - 0.43% Coverage

It is important to buy right and sell right.

[<Internals\\Interview 106>](#) - § 3 references coded [5.41% Coverage]

Reference 1 - 4.21% Coverage

In terms of marketing, I tried different marketing methods. We have notices that people do not travel far to buy furniture as it is costly to transport. So why must they travel 20 to 30

km, they rather buy it from close by. If the price is right, people will come from far if it's worth their while. We advertise in the Isolezwe newspaper, the tabloid group.

Reference 2 - 0.57% Coverage

Customers want fancy products so we keep a range.

Reference 3 - 0.62% Coverage

Buy at the right time, you need to know what to buy.

[<Internals\Interview 108>](#) - § 1 reference coded [0.33% Coverage]

Reference 1 - 0.33% Coverage

adapt to the situation

[<Internals\Interview 109>](#) - § 1 reference coded [0.57% Coverage]

Reference 1 - 0.57% Coverage

We try to keep our menu versatile.

[<Internals\Interview 110>](#) - § 2 references coded [3.93% Coverage]

Reference 1 - 2.19% Coverage

We have to relook at our tenants leases on a continuous basis. We optimise our tenant mix on a continuous basis.

Reference 2 - 1.74% Coverage

always look at how the market is performing and base our rental adjustments accordingly.

[<Internals\Interview 112>](#) - § 3 references coded [5.73% Coverage]

Reference 1 - 2.33% Coverage

Before we used to send our rep out, now we, more online, so we have to move with changes in technology to remain successful.

Reference 2 - 1.23% Coverage

It requires further development to address current consumer needs.

Reference 3 - 2.16% Coverage

We have to move with technology, e.g. online sales. We give our customers (e.g. spare shops, etc.) the best deals.

[<Internals\\Interview 113>](#) - § 4 references coded [3.16% Coverage]

Reference 1 - 0.94% Coverage

I know what to give customers because if I give the wrong products, it won't sell.

Reference 2 - 0.82% Coverage

My reps see what the customers stock and recommends the right products.

Reference 3 - 1.04% Coverage

It's an ongoing strategy that is re-looked at all the time. I look at what the market demands.

Reference 4 - 0.37% Coverage

Yes, we look at the market needs

[<Internals\\Interview 114>](#) - § 2 references coded [2.69% Coverage]

Reference 1 - 1.16% Coverage

Yes, the strategy adapts to market trends otherwise we would have lost out on market share

Reference 2 - 1.53% Coverage

E.g. the demand in the market and we adapt our strategy accordingly, e.g. poly cotton to polyester for cheaper markets.

[<Internals\\Interview 115>](#) - § 3 references coded [4.50% Coverage]

Reference 1 - 0.78% Coverage

Our strategy is dictated totally by market forces

Reference 2 - 1.31% Coverage

Depending on the market, our strategy changes all the time, depends on the need.

Reference 3 - 2.40% Coverage

We are always evolving, looking at new opportunities, what we did 5 years ago will not be relevant today. We introduce new items, and kill old lines.

[<Internals\\Interview 116>](#) - § 1 reference coded [0.59% Coverage]

Reference 1 - 0.59% Coverage

the markets dictate our strategy

Marketing and advertising

[<Internals\\Interview 101>](#) - § 1 reference coded [0.71% Coverage]

Reference 1 - 0.71% Coverage

We busy appointing an agency to assist with marketing.

[<Internals\\Interview 103>](#) - § 1 reference coded [0.42% Coverage]

Reference 1 - 0.42% Coverage

d) Advertising is important.

[<Internals\\Interview 106>](#) - § 1 reference coded [0.70% Coverage]

Reference 1 - 0.70% Coverage

Use posters on some products to highlight attract customers.

[<Internals\\Interview 108>](#) - § 1 reference coded [0.65% Coverage]

Reference 1 - 0.65% Coverage

There are plenty opportunities, e.g. advertising

[<Internals\\Interview 117>](#) - § 1 reference coded [0.68% Coverage]

Reference 1 - 0.68% Coverage

Marketing needs more focus.

[<Internals\\Interview 120>](#) - § 2 references coded [4.96% Coverage]

Reference 1 - 3.39% Coverage

It does require further development, e.g. through improved advertising and marketing. Currently I gain clients through word of mouth. Its sufficient but can definitely benefit from advertising

Reference 2 - 1.57% Coverage

Growth through advertising, Currently I am operating through word of mouth and referral.

Pace growth and plan ahead

[<Internals\\Interview 101>](#) - § 1 reference coded [0.26% Coverage]

Reference 1 - 0.26% Coverage

don't grow too fast.

[<Internals\\Interview 103>](#) - § 1 reference coded [0.66% Coverage]

Reference 1 - 0.66% Coverage

e) Business should be built up block by block

[<Internals\\Interview 109>](#) - § 1 reference coded [1.01% Coverage]

Reference 1 - 1.01% Coverage

To run a successful business, you have to prepare in advance.”

[<Internals\\Interview 113>](#) - § 1 reference coded [1.32% Coverage]

Reference 1 - 1.32% Coverage

This is manageable. I am closed on weekends. I can manufacture 24 hours if I want but I'm satisfied with what I have.

[<Internals\\Interview 120>](#) - § 1 reference coded [0.89% Coverage]

Reference 1 - 0.89% Coverage

No, from my side, I need to formalise my strategy.

Secure buy-in of strategy

[<Internals\\Interview 107>](#) - § 3 references coded [4.09% Coverage]

Reference 1 - 2.20% Coverage

Yes, it is formally documented and communicated to all employees up to and including the man on the floor. Unless, they buy into it, the strategy is only a piece of paper.

Reference 2 - 1.21% Coverage

I get buy in from the guys on the shop floor so I kept it as easy and non-limiting as possible.

Reference 3 - 0.68% Coverage

There's three, Quality, Delivery and personnel buy in

[<Internals\\Interview 109>](#) - § 1 reference coded [1.93% Coverage]

Reference 1 - 1.93% Coverage

My staff are aware and have to know my strategy for us to be successful. Each one is able to fulfil each other's role.

[<Internals\\Interview 114>](#) - § 1 reference coded [0.90% Coverage]

Reference 1 - 0.90% Coverage

We at the top, but we have staff below that need to follow our vision.

Communicate and understand strategy

[<Internals\\Interview 101>](#) - § 3 references coded [2.19% Coverage]

Reference 1 - 0.47% Coverage

this is translated into the sales team

Reference 2 - 0.94% Coverage

there is an understanding amongst the team of how to execute the strategy.

Reference 3 - 0.77% Coverage

the key employees/management are aware of the strategic goals.

[<Internals\\Interview 103>](#) - § 1 reference coded [0.74% Coverage]

Reference 1 - 0.74% Coverage

it is a comprehensive strategy. It is communicated.

[<Internals\\Interview 104>](#) - § 1 reference coded [0.30% Coverage]

Reference 1 - 0.30% Coverage

My staff are aware of my strategy

[<Internals\\Interview 106>](#) - § 1 reference coded [0.98% Coverage]

Reference 1 - 0.98% Coverage

however my employees are aware of how the business operate, they know the system.

[<Internals\\Interview 107>](#) - § 2 references coded [3.67% Coverage]

Reference 1 - 2.20% Coverage

Yes, it is formally documented and communicated to all employees up to and including the man on the floor. Unless, they buy into it, the strategy is only a piece of paper.

Reference 2 - 1.47% Coverage

I have a meeting with whole team every second week and a meeting with the sales and operations team once a week.

[<Internals\\Interview 109>](#) - § 1 reference coded [1.20% Coverage]

Reference 1 - 1.20% Coverage

My staff are aware and have to know my strategy for us to be successful.

[<Internals\\Interview 110>](#) - § 1 reference coded [0.92% Coverage]

Reference 1 - 0.92% Coverage

senior management are aware of the strategy.

[<Internals\\Interview 111>](#) - § 1 reference coded [1.51% Coverage]

Reference 1 - 1.51% Coverage

it's not formally documented however senior management are aware of the strategy.

[<Internals\\Interview 112>](#) - § 1 reference coded [1.38% Coverage]

Reference 1 - 1.38% Coverage

No, it's not formally documented but it is communicated to my core team.

[<Internals\\Interview 113>](#) - § 1 reference coded [0.62% Coverage]

Reference 1 - 0.62% Coverage

my employees are aware of how to maximise the strategy.

[<Internals\\Interview 114>](#) - § 1 reference coded [1.49% Coverage]

Reference 1 - 1.49% Coverage

No, it's not formally documented however senior managers are aware of the strategy. We have regular strat sessions.

[<Internals\\Interview 115>](#) - § 1 reference coded [1.49% Coverage]

Reference 1 - 1.49% Coverage

No, it's not formally documented however my employees are aware of how the business operates.

[<Internals\\Interview 116>](#) - § 1 reference coded [0.94% Coverage]

Reference 1 - 0.94% Coverage

my employees are aware of how the business operates

Keep it simple

[<Internals\\Interview 101>](#) - § 1 reference coded [0.67% Coverage]

Reference 1 - 0.67% Coverage

Going back to basics is key to a successful strategy,

[<Internals\\Interview 108>](#) - § 3 references coded [1.18% Coverage]

Reference 1 - 0.49% Coverage

. Simplicity is key to my business.

Reference 2 - 0.23% Coverage

I keep it simple.

Reference 3 - 0.46% Coverage

Simplicity is key to my business.

[<Internals\\Interview 109>](#) - § 1 reference coded [1.28% Coverage]

Reference 1 - 1.28% Coverage

Yes, I run my business with the KISS principle in mind, "Keep It Simple Silly"

[<Internals\\Interview 115>](#) - § 1 reference coded [0.42% Coverage]

Reference 1 - 0.42% Coverage

We have a simple strategy

Special attention to HR matters

[<Internals\\Interview 103>](#) - § 1 reference coded [3.00% Coverage]

Reference 1 - 3.00% Coverage

- a) For your business to succeed, your staff have to be happy, you need to look after them and remunerate them well and they will be loyal, invest in their training to keep them well equipped on your products.

[<Internals\Interview 104>](#) - § 3 references coded [4.62% Coverage]

Reference 1 - 2.71% Coverage

“The most important person in business is not the supplier but it is the rep, more than anybody else”. It’s the one thing I want to teach you, you won’t see the owner, you only see the rep. If the rep does not like you, and he has 10 pellets to give away or allocate, he is not going to give you.

Reference 2 - 1.09% Coverage

Most important, in actual fact, not just the rep, your customers, everybody, but in business most important is the rep.

Reference 3 - 0.82% Coverage

We communicate greatly with our suppliers. Your suppliers, reps, etc. are very important.

[<Internals\Interview 111>](#) - § 1 reference coded [1.43% Coverage]

Reference 1 - 1.43% Coverage

An important aspect is to find the right staff and incentivise them correctly

[<Internals\Interview 112>](#) - § 1 reference coded [1.88% Coverage]

Reference 1 - 1.88% Coverage

provided we have the right manpower and a willing team, I keep them incentivised, with good benefits.

[<Internals\Interview 115>](#) - § 1 reference coded [1.43% Coverage]

Reference 1 - 1.43% Coverage

It’s important to set up the right structures in place and invest in the right people.

Worklife balance

[<Internals\Interview 104>](#) - § 2 references coded [4.35% Coverage]

Reference 1 - 3.11% Coverage

I get opportunities to take on new stores every two weeks. Where do I put myself? For me the quality of my life is very important. I got my time, family time and shop time. Currently I'm satisfied with the nature, size of business, however can look at introducing other products. There are no real threats, competition is good for business.

Reference 2 - 1.24% Coverage

Quality of life is extremely important, I need time for my business, my family and myself. It is important to buy right and sell right.

[<Internals\Interview 113>](#) - § 1 reference coded [2.32% Coverage]

Reference 1 - 2.32% Coverage

There is huge potential to grow but we are satisfied with the current size of the business. This is manageable. I am closed on weekends. I can manufacture 24 hours if I want but I'm satisfied with what I have.

APPENDIX 3 – ETHICAL CLEARANCE APPROVAL LETTER

06 April 2016

Mr Junaid Yusuf Bhayat (961074567)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Bhayat,

Protocol reference number: HSS/0213/016M

Project title: A study on business strategies adopted by small to medium enterprises in the greater Durban area

Full Approval – Expedited Application

In response to your application received on 02 March 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully



.....
Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Dhanesh Rampersadh
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

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