SURVIVAL STRATEGIES OF MICRO BUSINESS
IN THE PINETOWN AREA

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DECLARATION

I, Goodness Busisiwe Mchunu declare that,

i. The research reported in this dissertation, except where otherwise indicated is my original research

ii. The dissertation has not been submitted for any degree or examination at any other university

iii. This dissertation does not contain other person’s data, pictures, graphs or other information, unless specifically acknowledged as being sources from other persons

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Signed : .................................................................

Date : .................................................................
ABSTRACT

There are numerous government and private sector initiatives aimed at supporting micro business in South Africa, yet there seems to be a lack of coercion, synergy and harmony in these endeavours to assist such businesses. A common perception about government is that all of its business programmes, have a string of protocols, red tape and intermediaries resulting in delays and inefficient support. Efforts to access this assistance is burdensome for micro-business. There is loss of time and resources in the process.

This research paper sought to establish what business management strategies are employed by the micro-business owner in the Pinetown area, as a means to survive and grow. Business management strategies have been discussed in light of their strength to help the business survive and grow. The effectiveness and the efficiency of these management strategies is measured based on the classification of micro-business and the research methodology chosen. Questionnaires have been self administered to the micro-business owners to obtain their response on strategies practical for their survival.

The area of study selected has been the Pinetown Area located within the Ethekwini Municipality, and part of the Province of KwaZulu- Natal. Findings from literature have highlighted constraints limiting micro business growth in South Africa. Findings have also highlighted major survival strategies viewed as the main motivating factor for micro-business owners to survive. Two key findings emerged from the study; firstly the need micro business owners to be financially prudent and to manage their business better. The second major finding was the existence of collaborative savings (stokvel), utilized as a traditional investment strategy. Recommendations based on these are the provision of financial management skills to micro business, through mentorship and financial assistance programmes by government agencies. This would benefit the micro-business owners realize their dreams of substantial and extensive business expansion.
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CHAPTER ONE

INTRODUCTION TO THE RESEARCH

1.1 Introduction and Background of the Research

When considering small, medium and micro enterprises (SMME's), much more attention and a microscopic view is required as operations in the SMME's are not divulged publicly.

Berry, von Blottnitz, Cassim, Kester, Kajaratnam, and van Seventer (2002:01) state that, “since 1994, South Africa has been faced with the challenges of re-integration into world markets as a global economy, while at the same time positioning itself to realise the high expectations of its populace regarding a successful transition towards a more democratic order. To achieve the objectives of economic growth through competitiveness on the one hand, and employment generation and income redistribution as a result of this growth on the other, South Africa’s small, micro and medium-sized enterprises (SMME) economy has been actively promoted since 1995”.

Moloto (2007:01), in Polity online magazine has argued that informal traders are found everywhere in our country, micro business is existent in many circumstances for purposes of surviving. It is considered a through way from the life of crime and other numerous illegal means of trying to make income.

Clay (2012:01) states that irrespective of area in the country, micro-business owners experience the same challenges.
It has become evident that though large scale research has been conducted; there is however, still little clarity about the extent to which South Africa’s SMME’s contribute to poverty alleviation, economic growth, or international competitiveness.

This research aimed to establish practical and extensive survival tactics employed by micro-enterprises as a means to survive and grow. It is important to note that there are various classifications of business categories. According to the National Small Business Act, 102 of 1996, SMME’s fall into the lowest sector of the economy, (National Small Business Act, 102 of 1996).

It is however significant to note in the introduction of this study that, the potential of SMME’s for economic empowerment can only be estimated with a view of the share of previously disadvantaged individuals (PDIs) in the ownership of SMME’s.

In recognition of the SMME’s background, there are measures that have been put in place by the government to help support and mentor SMME’s. It has however been discovered that such measures have fallen short of the expected contribution to the SMME’s survival, growth and contribution to the economy. In the light of failure by the government agencies to provide SMME’s with the much needed assistance, it is the aim of this study to establish what survival tactics are employed by micro business owners in Pinetown which can be recommended for strengthening and application where possible by other micro business owners experiencing problems relating to survival and growth and government agencies in their mentorship programmes.
1.2 Motivation for the Research

According to The Department of Trade and Industry online SMME’s have a 35% contribution to the Gross Domestic Product of the country and 50% of the active population in the private sector is attributed as belonging to SMME’s. With these estimates it stands to reason that government and communities are beneficiaries of the spin offs from the SMME’s. Thus their survival and the ability to grow given the fact that their business management skills are minimal, is the core of this study, (The Department of Trade and Industry, 2008).

Another motivating factor has been a realisation that information on micro business strategy to inform their survival and growth patterns has been found insufficient, taking into consideration written work in South Africa and globally.

Through this paper it is envisaged that business people will understand how individual micro business owners react to economic challenges facing their businesses on a day to day basis; and have a basis upon which an analysis of the effectiveness of the business principles and strategies employed could be further developed.

1.3 Intended Beneficiaries

The research is intended to benefit firstly the researcher, by finding answers to concerns raised through observation of individual micro business owner’s business operation. The second group of beneficiaries it is hoped will be other researchers who would have a basis upon which to build their own findings on how micro business react to economic challenges, taking into consideration recommendations for future research.
in Chapter 5. It is envisaged that this research will be of value to SMME owners in helping them develop their businesses.

The significance of this research is that the findings could also be distributed to the likes of SEDA (Small Enterprise Development Agency), Achib (African Council of Hawkers in Business), Chambers of Commerce and other similar organisations in order to assist such businessmen and women to improve their businesses.

1.4 Problem Statement

The problem addressed in this dissertation document is that whilst corporate and privately owned firms use strategies to survive and grow; often owners of smaller business do not employ any formal planning and strategizing. Micro-enterprises need to fend for themselves to stay operational and they do not actively or knowingly employ strategies such as; downsizing, upsizing, short-time, re-inventing, re-structuring and in many cases the owners lack experience in business management skills, entrepreneurial skills and financial management skills.

The problem thus is that small business owners (SMME’s) appear to be inexperienced and under informed on what strategies to use to survive and grow and are also oblivious to any forms of assistance that are at their exposure as offered by the Government in South Africa and other Agencies of the State. This research has determined what strategies SMME’s employ and has discovered which strategies serve the SMME’s best, even if “best” is based on poorly informed views of SMME operators.

1.5 Aims and Objectives of the Study

This research aimed at considering how SMME’s survive. To achieve this the following objectives were devised, namely to:
1.5.1 Determine whether micro-business owners pay attention to the six selected business management principles

1.5.2 Ascertaining relevant business promotion procedures applicable to micro business

1.5.3 Determine whether such traders manage cash flow efficiently and keep it separate from their household cash flow

1.5.4 Establish if such traders engage in mutually beneficial ventures such as group buying

1.6 Research Methodology

The research methodology adopted, categorised the businesses based on the number of years they have been operating, the nature of business, the area of operation and the type of operation, number of dependents, number of employees and their future intentions. Inferences were drawn from the findings utilising, statistical analysis based on a quantitative research method. The research tool utilised in this study was a researcher-administered questionnaire. The questionnaire was formulated based on objectives linked to literature. The research, as conducted, adhered to sound, scientific practice.

1.7 Limitations of the Study

The study focused on the micro-enterprises situated in mostly black populated areas near Pinetown; Clermont, KwaSanti, KwaNdengezi and Nazareth. Limitations include:

- This was a quantitative study and not a qualitative one and as such it lacks depth in terms of explanations for responses received.
- It is a relatively small scale study of a sample size that is pitched at 63 and had 48 respondents, a large study or a national study might be more beneficial.

- Time would not allow for further scrutiny into other areas of vital concerns relating to the study e.g financial management, regulatory requirements

- Due to language constraints, questionnaire had to be translated from English to Zulu and responses translated back to English. However due to the fact that research was conducted personally, it was proficient in both languages.

1.8 Overview of the Study

1.8.1 Chapter 1: Introduction and Background of the Study - A glimpse into the contents of the study, aims and objectives to be achieved, research methodology adopted, limitations of the study and the intended value of the research.

1.8.2 Chapter 2: Literature Review – Analysed literature relevant to the study. This included, literature on; micro-enterprises, strategy relevance and general business concepts. This was with specific reference to the South African context and particularly KwaZulu-Natal Province, incorporating the role of government agencies in support of SMMEs.

1.8.3 Chapter 3: Research Methodology - Sought to inform the reader of the methodology, sample, research tool utilised, benefits and the fieldwork.
1.8.4 Chapter 4: Presentation of Results - Provides the results of the findings interpreting the statistical factors and drawing comparisons, from fieldwork findings and making informed comments as displayed in tables and graphical displays.

1.8.5 Chapter 5: Recommendations and Conclusion - A list of all the objectives aligned to questionnaire responses from fieldwork with recommendations highlighted bringing closure to the research document.

1.9 Conclusion

Chapter 1 has covered the contents of the study and has stated the problem being researched within the context of the objectives. Chapter two concerns the literature review of pertinent material relating to the title of this research.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers the work of authors, business scholars’ research papers, extracts of journal articles and reports on studies conducted and various scholarly work on business strategy challenges and survival tactics.

Findings in this literature review are discussed relative to each objective in Chapter 5, and links to the literature in empirical research are thus evident.

2.2 Micro Business Strategy

Each and every business whether large or small has some objectives that drive its operations. In an online Business Aims and Objectives Issue (2011); business aims and objectives are stated as that of “survival, profit maximisation, profit satisficing and sales growth”.

2.2.1 Definition of Strategy

Many authors and scholars have defined strategy in many different ways and approaches, (Pearce & Robinson 2000, Segal-Horn 2001, Wheelen & Hunger 2003 and Louw & Venter 2010). For the sake of this document it is deemed necessary that we concentrate on the essence of strategy. The online Business Dictionary (2012) defines strategy as “a method or plan chosen to bring about a desired future, such as achievement of a goal or
solution to a problem. The art and science of planning and marshaling resources for their most efficient and effective use”.

Coutler (2002:8) captured strategy as a process of activities as portrayed in Figure 2.1

![Diagram of Strategic Management Process]

Figure 2.1 Basic Activities in Strategic Management Coutler (2002:8)
Coutler, M. 2002 Strategic Management in Action

Steiner (1997:03), stated that; “strategy is not utilized in response to a certain prevailing circumstance, but it is interwoven into the very, every day running and operations of a business irrespective of size, stature, function, nature, operation, type and sector”. An online resource Strategic Planning Process (2012), has simplified Steiner’s definition by explaining strategy as a ‘dynamic, continuous process’.

Wheelen and Hunger (2003:08), talk of strategy as being initiated by a ‘triggering event’ defining it as something that stimulates a change in an already existing strategy. Individuals will not be prompted and stimulated to seek other methods for survival unless there is a triggering event. The impact of the triggering event has a bearing on the duration of the method that will be utilised to deal with the event.

Favaro, Rangen and Hirsh (2012:01), believe that, business strategy is not the same as “vision, mission, goals, priorities, and plans”. Rather it is the “result of choices executives make, on where to play and how to win, to
maximise long-term value”. Thus a detailed definition of strategy is relating to issues of, “where to play” specifying the target market in terms of the customers and the needs to be served. The best way to define a target market is highly situational. It can be defined in a number of ways, such as by where the target customers are (for example, in certain parts of the world or in particular parts of town), how they buy (perhaps through specific channels), who they are (their particular demographics and other innate characteristics), when they buy (for example, on particular occasions), what they buy (for instance, are they price buyers or service hounds?) and for whom they buy? (themselves, friends, family, their company, or their customers?)”.

Several business networks and authors have also contributed to business survival strategies listed hereunder as follows:-

**Survival Strategies by Business Networks**

Recent work presented online by Attard Communications (2011) – suggest 10 Business Survival Strategies:-

- Re-invent your business
- Contacting former customers
- Contact competitors of present or former customers
- Call former prospects
- Sell additional products and services to existing customers
- Work your contact lists
- Get involved in social media
- Be mobile friendly
- Develop multiple revenue streams
- Team up with other vendors for joint sale
Zwillin (2012) online, on the other hand suggests “Seven Principles for Survival in Micro Business”.

- Tailor the business to you
- Be frugal – don’t spend money you do not have
- Record every expense
- Keep a monthly profit loss
- Find free stuff
- Write down agreements
- Keep it simple

**Survival Strategies by Business Management Authors**

- Campbell, Stonehouse, & Houston (2003:13) believe that good business management skills are a sufficient strategy, to assist the business survive.
- Coutler (2002:312) states that innovation and flexibility is the primary advantage of small business, because flexibility is not limited by a large structure with a variety of products and services limiting to flexibility.
- Laseter and Sasvathy (2012:03) explain the ability to adapt to change as strategy requires managers to have a different approach when faced with a need to change. The relevant survival tactic would be to utilise emergent strategies that would suit the process of change.
- Lynch (2003:163) is affirmed by Attard Communications (2011) on the significance of good customer relations as a strategy to survive and grow.
Wynarczyk, Panos, Piperopoulos and McAdam (2011:301), state that, “existing research focuses mainly upon high-technology multi-national firms largely ignoring the role and impact of smaller firms. Hence, theoretically driven and empirically-based research exploring open innovation in small firms remains relatively, scarce”. Whereas Beaver (2002:01) argued that the role and the significance of the small businesses has always been a cause for research because there is a belief that the success of the lowest sector of business can bring about a turnaround in the economy as a whole. The political, economic and socio-cultural circles in the industrialized countries had reasons to believe this because of the change that came about in the 1980’s where there was tremendous restructuring initiating considerable growth in the number of small enterprises and in general micro-firms.

2.3 Micro Business in South Africa

Most micro businesses in South Africa are started as a result of unemployment rating higher than all the other reasons validated. Online Parsons (2012) attributes, 80% as the number of jobs needed to reduce unemployment as belonging to the informal or the small micro sector of business. SMME’s are believed to have the crucial ability to implement pro-poor policies and improvement of the economic development (Parsons 2012).

In an online Mail and Guardian Issue (2011); Deputy President Kgalema Motlante made a commitment from the government of South Africa promising to support new forms of ownership that will empower people on a mass scale which includes both small and micro enterprises, but also forms part of the collective and social ownership, (Mail and Guardian 2011).
It is further argued by Steyn (2006:4-5) that the level of accessibility of the labour market in South Africa has a bearing on the development of micro business. There is red tape and bureaucracy issues that regulate the registration and licensing of business. Though the government’s promise of supporting small business mentioned by Deputy President (in the Mail and Guardian 2011 article) still stands, it is evident that reaching these support programs, become too cumbersome for many business owners and some are not even aware of the existence of such structures and programmes at their disposal. Research findings have made this fact obvious as respondents responses showed that they were oblivious to any form of assistance from the government. Reference to this is made in Chapter 5 with recommendations emanating from fieldwork findings.

It also stands to reason that some small enterprises owned by community members who only acquired basic education and belong to lower economic bracket of the community; may not even be interested to access the support from government because of all the stringent conditions attached; which have low literacy level challenges and prerequisite information is advanced. It is true that other institutions have not made it easy either for micro- business owners to access their assistance. An obvious illustration on requirements for processing assistance; is that expertise on drawing up a business plan with envisaged future income and expenditure and balance sheet is a privilege earned through higher education. Conditions for approval of funding become sour grapes for would be beneficiaries given this fact, (Gijima KwaZulu-Natal, 2008).

The establishment of Small Business units by financial institutions was aimed at making affordable support means for small business in South Africa. According to an online ABSA presentation it is stated that ABSA has collaborated its efforts with the Department of Economic Development
and Tourism in KwaZulu-Natal with the aim of ‘developing, supporting and providing financial and non-financial support to SMME’s in the province’. (Absa Enterprise Development Centre Research Report, 2012). Requirements set by the Absa Small Business Branches are:-

- Commercially viable business managed on a full time basis by the owner
- Entrepreneurs should have the skills and or experience relevant to the business opportunity.
- Comprehensive Business plan (not older than 6 months)
- Authentic Contract/ Tender (where applicable)
- Projected Cash Flow Statement
- Historical Financial Information (where applicable)
- Statement of Assets and Liabilities of owners and/or business
- Curriculum Vitae of Owners

(Absa Enterprise Development Centre Research Report, 2012.)

2.3.1 Role of State Organs in Support of SMME’s

Nodada (2010:11); states that with government intervention in South Africa; through creating an enabling environment for the SMME’s, SMME’s contribution into the economy of South African can be substantial. Primary intervention is the training needs that need to be addressed as the SMME sector has been lagging behind. Secondary intervention is
focusing on provision of basic business skills, financial management skills and entrepreneurial skills as key to the SMME’s growth and survival.

In the Financial and Banking Sector, Standard Bank, Nedbank and Ithala have Small Business Support units; established to assist communities in relation to SMME funding and Basic Financial Management Skills. Ithala Bank was formed to act as the financing agency specifically for the province of KwaZulu-Natal, (KwaZulu-Natal Business Guide, 2011/12:120-121); it is also stated that in the province of KwaZulu-Natal the Department of Economic Development and Tourism has developed a partnership with the Colleges of Further Education and Training for the provision of basic business management skills.

Also located in KwaZulu-Natal is the Industrial Development Corporation (IDC) which focuses on the promotion of economic growth, aiming at entrepreneurship development based on foundational business principles, (KwaZulu-Natal Business Guide 2011/12: 125).

SEDA – Small Enterprise Development Agency has been established also looking at implementing the National Small Business Strategy as set by the Department of Trade and Industry namely the Integrated Small Enterprise Development Strategy. Particularly SEDA in KwaZulu-Natal has a mandate to:

- Provide information on how to start a business
- Assist with the compilation of business and marketing plans
- Mentor and coach entrepreneurs
- Train entrepreneurs.

Ntsika Enterprise Promotion Agency (Ntsika)- The set role for this agency according to DTI has been to operate as a non-financial support basis for SMME’s, responsible for facilitating communication between the government, the private sector (for funding purposes) and the NGO’s (responsible for providing competent and relevant training). (The Department of Trade and Industry, 2008)

Business Development Services’ (BDS)- this was established with the intention of providing SMME’s with advanced support services, varying between financial and business management training and also funding for aspirant SMME’s seeking to grow their business and expand. BDS thus concentrate in different sectors as follows:

- Local Business Service Centres, which have to be accredited by BDS and are NGOs providing training and follow up training linking SMME’s with other business centres appropriate for their operation
- Manufacturing Technology Centres specifically concentrating on industry and assist manufacturing SMME’s to obtain relevant expertise and business management skills.
- Tender Advice Centres concentrating on equipping SMME’s with skills for completion of tender documents and meeting requirements set by procurement divisions in government and government institutions.

Nodada (2010:49) has referred to the institutions established to assist micro-business as government agencies. Their operations are regulated according to the economic policies in existence.

The National Small Business Act stipulates assistance required as follows:
• Relevant sector and target group training
• Establishment of Local Business Centres as centres for networking
• Mentorship of capable training facilitators

(National Small Business Act, 102 of 1996)

2.4 Micro-Business, Nature and Function

Beaver (2002;01) citing Hewitt (2000) states that “small businesses are the lifeblood of the economy. Small business is at the forefront of its government efforts to promote enterprise, innovation and increased productivity. The small businesses are vitally important because of their role in the supply chain, the competition they stimulate and the ideas and the products they bring to the market place”.

2.4.1 International Context

Beaver (2002:3) states that there are different definitions of what really constitute a small business. In the United Kingdom (UK), in a quest to define small businesses a Bolton Report adopted definitions of small businesses as follows:-

• In economic terms, a small business is one that has a relatively small share
• It is managed by its owners or part owners in a personalized way and not through medium of a formalised management structure.
• It is independent, in the sense that it does not form part of a larger enterprise and that the owners/managers should be free from outside control and interference in taking their principal decisions.

The categories set as per the number of employees:
• Micro-enterprises: very small firms - less than 10 people
• Small enterprises: 10 – 99 people
• Medium enterprises: 100–499 people

The micro businesses assist in diversifying the nation’s economic base and providing it with the opportunity of responding to a variety of market conditions.

Shaw (2006:05) stated that internationally, micro business significance and operation is dependent upon “sector, ethnicity local community and regional and national cultures”.

2.4.2 South African Context

From the South African context, the National Small Business Act 1996 classifies small business into four categories; micro and survivalist small and medium. It is postulated that the survivalist and micro enterprises are two separate categories but they are always discussed together for convenience as they both operate in the informal sector.

Berry et al (2002:01) argue that; “SMME’s encompass a very broad range of firms, from established traditional family businesses employing over a hundred people (medium-sized enterprises), down to the survivalist self-employed from the poorest layers of the population (informal microenterprises). While the upper end of the range is comparable to the small- and medium-sized enterprises (SME) population of developed countries, statistics reveal that an immense majority of SMME’s are concentrated on the very lowest end. These are primarily black survivalist firms”.

The survivalist enterprise is run and managed by only one person who often cannot find employment or has been retrenched with no
opportunities of earning a living through the formal sector, but has to find alternative ways to survive.

The survivalist and the micro enterprise are categorised under the informal sector because they do not possess any legal status and/or recognition except self-initiated, neither is there much support for them from other bodies. The other common factor between survivalist and the micro-enterprises is that their economic activities are not officially regulated or controlled by the government.

2.5 Ownership/Entrepreneurship in South Africa

Sacks (2001:01) believes that people start businesses because of different reasons, mostly related to unemployment, unsatisfactory working conditions, a desire for something more challenging and a drive to earn more. In other instances it is the inbuilt entrepreneurial talent urging one to be self-employed. There are personal attributes linked to the desire to start a business. It is envisaged that people who have been successful in starting their own businesses are people who are persistent, resolute, determined with lots of self-disciplined. Not only is the personal attributes sufficient, they should be coupled with confidence in the products or services to be rendered and preparedness to take risk.

In the online studies conducted by GIBS and First National Bank (FNB) in the Entrepreneurial Dialogues (2009), it has been discovered that South Africa’s entrepreneurial activity has improved but still lags behind compared to other countries. There is a measure utilized known as Total Entrepreneurial Activity (TEA) or ‘early stage entrepreneurial activity’ Index. “It measures entrepreneurial activity by looking at the percentage of the active population, people between 25 and 64, who are entrepreneurs
in any given country. South Africa’s TEA in 2008 stood at 7.8%, which is greater than it was in 2006 (5%) but still lower than India-Brazil (11.5% – 12%), Colombia (24.5%), Mexico (13.1%) and even the United States (10.8%). However in 2009, following the economic crisis, the level of early-stage entrepreneurial activity in South Africa dropped again to just over 5%. Within South Africa, sharp differences remain within demographic groups with Indians and Whites having the most entrepreneurs (1.6:1 and 1.7:1 respectively compared to the general population), while Blacks and Coloureds have fewer entrepreneurs (0.9:1 and 1.2:1 respectively compared to the general population).

Simrie, Herrington, Kew and Turton (2012:04) in the most recent study by Global Entrepreneurial Monitor (GEM) measured the TEA. The primary measure of total early-stage entrepreneurial activity (TEA) showed that, “South Africa’s rate in 2011 (9.1%) has remained constant (8.9% in 2010). However, South Africa’s TEA rate is, again, far below the average of comparable economies around the world. This therefore remains a matter of grave concern, and presents an opportunity for closer investigation and debate around the factors that impact on entrepreneurial activity in South Africa. South Africa’s nascent entrepreneurship rate of 5.2% and new firm activity rate of 4.0% are constant with 2010’s nascent entrepreneurship rate of 5.1% and new firm activity rate of 3.9%. As can be seen in 2010, the prevalence rates for established business owner managers remain extremely low with South Africa showing a rate of 2.3% in 2011 versus 2.1% in 2010”.

One of the factors that have impacted on the TEA rate is the regulatory requirements that are too stringent for the entrepreneurs in the low sector of the economy, (Soni 2005:03).
2.6 Common Types of Micro-Enterprises and Survivalists in South Africa

- **Producers** - Producers sell range of products made from home. In this category there is cooking, baking, brewing of traditional beer and illegal mixed beer (known as ugavini). There are shoemakers, dressmakers, tailors and fashion designers, subsistence farmers (poultry, vegetables)

- **Retail Distributors** - In this category there are hawkers, vendors, distributors and street traders. They sell anything from frozen meat, sweets, ice cream cones, cigarettes. Included in this category are shebeens and spaza shops or tuck shops.

- **Service Providers** - Common in the service providers category is taxi operators, bookkeepers, repair services, backyard mechanics, plumbers, electricians, garden maintenance, phone services and even talent agents - mentoring kids in the community in - drama, music, dance, poetry etc., (Financial Diaries Issue 2004; National Small Business Act 102 of 1996).
The contribution to earnings varies from one category to another. According to Financial Diaries (2004) research conducted by the University of Cape Town, production was found to account for earnings of only 13%, services earning 24% and retail earning 63%.

2.6.1 Characteristics of the Micro – Enterprises and Survivalist Business in South Africa

- They are run and managed by only one person owner and or family member
- Mostly do not employ any people, if ever there is any employment it is only capped at four as a maximum
- Commonly there are no paid employees
• The income earned is below the minimum standard
• The capital required to start is minimal
• The basic expertise required to start are very low and depend mostly on passion and self-will. There is no training or transference of skills prior commencing operations
• There is no tax registration and they do not pay tax at all.
• They do not keep any statistics available about their earnings and other details
• There are no barriers to entry, can be started relatively easily no stringent requirement
• There is no future growth related planning, the focus is on surviving at the moment, (National Small Business Act 1996; Financial Diaries Issue, 2004).

Berry et. al (2002:35) state that, “South Africa in an attempt to overcome the historical definition of small enterprises as formal (which was due to apartheid legacy white-owned only) and informal (owned by the now so-called), the post-apartheid government put forward the first national and most comprehensive definition of SMME’s, which is manifested in the National Small Business Act three broad sets of enterprises were identified, namely:

• Survivalist enterprises (informal): Operated out of necessity to secure a minimal income with little capital and skills and with scant prospect for upward growth;
• Micro-enterprises: With growth potential that involves the owner and family members or at the most four employees and whose turnover is below R 150 000,32 the threshold for VAT registration; and
• Formal small and medium-sized enterprises: With five to 100 and 100 to 200 employees respectively which are still owner-managed and fulfill all the trappings associated with formality.
• The White Paper distinguishes between PDI-owned SMME’s as emerging and formal white-owned SMME’s as established”.
(Berry et. Al, 2002:35)

There are a number of factors that determine the sustainability of the survivalist business, in many instances lack of profitability hinders continuity. The business is established to alleviate poverty and provide a means for living, there is therefore; no well articulated plans for growth. There is no clear separation of business cash flows and household cash flows which is considered by the online study by the University of Cape Town (Financial Diaries, 2004) as destructive to the maintenance and keeping of funds for sustaining the business. The other hindrance seeming to have weight on the sustainability of the survivalist micro-enterprise business is the issue of credit given to customers without interest charges. Lynch (2003:163) argued that sustainability of the micro business also has a bearing on the extent to which the entrepreneur can determine the customer needs.

2.6.1.1 KwaZulu- Natal Durban (Pinetown) Micro Business Statistics

Previous research findings reveal that KwaZulu-Natal has the highest number of survivalist businesses at 17.4% and Gauteng tops the rates with the micro 29.3% and small businesses at 47.9%. According to demographic profile per race cluster- African has 92.6% survivalist and 82.6% micro and 31.3% small businesses, (KwaZulu-Natal Demographics Report, 2008).
According to published information on the province of KwaZulu-Natal Demographics Report (2008) it is stated that; for almost 20 years the Durban Metro Area’s formal sector has not had a capacity to create sufficient jobs to curtail rising unemployment. Rather most of the firms in the manufacturing sector, which is second only to government in the number of jobs provided, has been shedding jobs as firms restructure and become more capital intensive. High rates of crime and unemployment have become a disincentive to growth in many other sectors, (KwaZulu-Natal Demographics Report, 2008).

Thus it is argued that despite a dynamic and growing small and micro business sector in the Durban Area, there are very high rates of unemployment, reaching over 30% in some areas of the city. There are in existence some few economic opportunities in the former township areas.

In the online Socio Economic Description (2011), it is further argued that there is a high concentration of shack dwellers in the Pinetown Area, evident mostly in the areas along the Highway Area. These informal settlements are permanent residential bases for retrenched workers and their unemployed family members.

Pinetown has been forever regarded as a predominantly light industrial town, and not particularly sought after as a residential suburb until just recently, thus delaying other development programmes that would have resulted from such interests, KwaZulu-Natal Demographics Report (2008).

2.7 Physical Operation Of Micro – Enterprises

A research report in a recent study conducted by the University of South Africa – Research Unit headed by Prof Andre Ligthelm (Ligthelm, 2010) depicted the following:
2.7.1 Management Principles of Micro Business in South Africa

Recent studies conducted by the University of South Africa on the sustainability and growth of informal business revealed that small business in township areas have the tendency of operating from the same premises thus reducing costs on property/premises acquiring and rental. Though studies conducted, revealed that there was a low survival rate among street vendors and home based businesses, (Ligthelm 2010:03).

These businesses are typical businesses offering basic products (perishable or durable) and services and operated mostly from home or through street vending at major transport intersections. The only major stimulant for these businesses is the increased consumer expenditure by residents and daily commuters. It has been also established that though loyalty may not confirmed but the fact that none of the respondents in this study ever expressed an intention to move; imply that there will always be consumers for these products.

Consistency in consumer spending in the informal sector has also been an eye opener for large retail business as large shopping malls are mushrooming throughout South African townships where there is a large population base. This is somehow perceived as taking away potential customers – or displacing them from the informal trader now having an option of purchasing their daily basic product at their door step. The challenge may be that the informal trader is voiceless when compared to the large bill boards which now tower at the entrance of almost all the townships in our country.

The difference between the street vendors and the residential business is that the vendor has the privilege of movement in search for better trading
opportunities should it be forced to do so. In this research the findings were that informal businesses that survive irrespective of the challenge of large retail intruders were older and were also established as a result of a discovered entrepreneurial lucrative opportunity and not because of unemployment. There is full time commitment by the owner, and are also operating on a permanently built structure, has access to infrastructure. Another important finding in this research was that the survivalists in the grocery and general dealer sector remained stable even in the advent of mall developments mushrooming everywhere around them. Though it is a fact that there is no legally recognised business status amongst these micro- businesses studied but their ability to survive has been regarded as enough proof to conclude that there is entrepreneurial ability in them. The entrepreneurial ability expose that, there exist some advertising skills that sustain the business, (Ligthelm, 2010:4-5).

2.7.2 Advertising

Advertising is part of marketing, and serves to promote the business and its services and products. Though in micro business there is no budget set aside for advertising purposes it is still advocated that there is product or service promotion. E Notes/ Studysmarter (2002) online; advertising strategy is explained as an operation to communicate ideas about products and services to potential consumers with the intention to convince them to be keen in buying those products and services. This strategy it is assumed; if it is inbuilt in an intelligent manner; will embrace other significant business considerations.
In small micro-businesses the core to advertising that is successful is creativity, coupled with an in depth knowledge of the consumer and the methods that can be used to attract the consumer.

Scarborough, Wilson & Zimmerer, (2009:348) suggest that the word of mouth advertising is the most effective as it is normally carried out by satisfied customers who relate their satisfaction to other people. This type of advertising gains its prominence from the fact that there is no impartiality and thus gains favour from potential customers.

2.7.3 Cash Flow Management

An online business article by Jones (2012), suggests that irrespective of the size and the type of business, it is very critical that there is proper cash flow management. When there is no proper cash flow management cash to sustain the business can run short and hinder the continuity of the business. There are a number of recommended techniques practiced by businesses both small and big to manage the cash flow. It is suggested that money owed to the business should be collected timeously. Tracking expenses associated with the business; will also ensure that unnecessary expenditure is curtailed and there is control on vital expenses necessary for the continuity of the business.

Adams (2001) suggests that cash is the most important asset of every business; should it not be managed carefully the whole business is at risk of collapsing. Irrespective of how the other components of business can be attended to, without proper cash management they too are unsustainable.
2.7.4 Group Buying

Group buying, by Topfer (2012) online, is perceived as a phenomenon that has not been considered as important in the past as it is now. It has gradually gained prominence and is favoured by both the buyer and the seller in business circles for the advantages coupled with it. Group buying gives the seller an advantage of large sales at one point thus allowing a reduction of price without any adverse effect as the stock holding is no longer an issue. The advantage to the buyer who is a micro business entrepreneur is thus being able to set the selling price at an affordable rate for consumers and still gain profit.

The main reason encouraging group buying for the seller is that he/she can afford to sell a large number of products at a lower price if many people will buy that specific product. Because of this, there has been a number of group buying services internationally emerging in recent years such as Groupon.

The normal practice with group buying arrangements is that; the group buying service, serves as an agent for the buyers by approaching on their behalf local merchants to find out if they have any products that they would like to sell in large quantities. They negotiate and strike a deal in which the product can be sold at a real discounted price. In many cases, the product is sold at half price or even at a lower price point. Once the deal is settled the group buying service agent then sends out a message to a large list of subscribers providing information about the deal. Subscribers can then purchase the deal directly through the group buying service. They will be given online coupons or a promotional code to use when they visit the merchant. The group buying service pays the merchant directly for the deal, (Topfer, 2012).
2.8 Conclusion

Covered comprehensively in this chapter is a review of work by different authors and scholars on micro business survival strategy with a practical view to micro business in South Africa, business support structures available nationally and provincially in KwaZulu-Natal and their level of accessibility to micro business owners; with a specific attention to objectives as set out in the study outline and analysed in Chapter 4 and laid out in Chapter 5 with fieldwork research and recommendations.

In the chapter that follows the research methodology and research tool application is laid out.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research is utilised in order to effect informed decisions. There are various fields where research is applied like in finance, marketing, accounting, production, personnel, policy formulation, legal institutions, international media and local media houses and in management. Fay and Wallace (1987:08), argue that the decision maker can have data in four different ways. These ways determine how valuable data can be assessed to arrive at a decision. Data collected thus should have:

- **tenacity**, it must have been heard over and over again thus reinforcing the truthfulness of such data.

- **authority** implying that there should be a basis for transference of data.

- **intuition** - this is where authors propose the phrase 'it stands to reason'.

- **objectivity** implying the application of the scientific method where checks and balances in place are freed from the human influence.

Render, Stair & Hanna (2003:02), state that from the ancient times, people have always relied on mathematical tools to help them solve problems. It
is for this very same reason that for purposes of achieving the objective of this research the quantitative research method was employed.

It is also imperative to note that; the design of this research has been structured to create a framework suitable to analyse micro business at their level, in order to obtain answers to the set specific questions. The most effective method that has been chosen to be utilised is through the use of questionnaires. An online explanation in; The Measurement Group Archives (2005) states that; “the predictor variables are sometimes called "factors" or "independent variables." The outcome variable may be also referred to as the "dependent variable". Based on this analyses graphical data presentations in Chapter 4 allow the reader of this research work to make statistical assumptions at a glance.

3.2 Quantitative Methodology

The quantitative method is selected for its reputation to have results that are ‘timely, accurate, flexible, economical, reliable and much, more easy to comprehend.

Cooper and Schindler (2006:198), state that, “in business research, quantitative methodologies usually measure consumer behavior, knowledge, opinions, or attitudes. Such methodologies answer questions related to how much, how often, how many, when, and who.

Quantitative research is explained as referring to; “the systematic empirical investigation of social phenomena via statistical, mathematical or computational techniques. The objective of the quantitative research is to develop and employ mathematical models, theories, and/or hypothesis pertaining to phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection
between the empirical observation and the mathematical expression of the quantitative relationship.” (Barrons’ Business Dictionary – Journal, 2007), Quantitative data is therefore any form of data that is in a numerical form whether as statistics or expressed in percentages. It is for this reason that, the questions asked are narrowed down to be easily responded to in numbers.

Render, Stair and Hanna (2003:02), define quantitative research analysis as a scientific approach to decision making. It all starts with raw data and is allowed to go into some system that will process it and manipulate data into meaningful information. Better explained the quantitative analysis approach will consist of defining a problem, developing a model, acquiring input data, developing a solution, testing the solution, analysing the result and the implementation of the result. With the intent of this research the problem defined is establishing the survival strategies of micro-enterprises in an economic downturn. The specific measurable objectives are :-

- Establish what management strategies the micro- businesses employ to survive or grow.
- Ascertain what forms of promotion work best for each of the above categories of micro businesses.
- Determine whether such traders manage cash flow efficiently and keep it separate from their household cash flow.
- Establish if such traders engage in mutually beneficial ventures such as group buying.

3.2.1 Population and Sample Size
There is no data that can confirm the population of the number of the micro business enterprises in the target area (Appendix 4- Map of the
Research Area), however a pre-research observational study and discussion with such traders led to the belief that there are in excess of 300 micro businesses in the area. For convenience the location of the study was specifically the area of greater Pinetown. The respondents were selected from the population of the areas of; Clermont, KwaSanti, KwaNdengezi and Nazareth. Bryman and Bell (2008); state that as one cannot interview the entire population one should target a representative sample of the population. A study with thirty or more respondents is statistically acceptable and results of such research can be generalised with certainty, (Sekaran, 2003:296).

An online research statistics analysis by Statpac (2012), states that it is incumbent upon the researcher to clearly define the target population. The sampling methods are classified as probability or nonprobability. The population sample targeted was ± 60, and the number of respondents reached was 63 with 48 positive responses, utilized for the research analysis and 15 non-response.

In probability samples, each member of the population has a known non-zero probability of being chosen. The probability sampling method has

- random sampling,
- systematic sampling, and
- stratified sampling.

The nonprobability sampling, members are selected from the population in some nonrandom manner. Entailed in the non-probability sampling is

- convenience sampling,
- judgment sampling,
- quota sampling, and
• snowball sampling.

**Random sampling** is where each member of the population has an equal and known chance of being selected.

**Systematic sampling** is often used instead of random sampling. After the required sample size has been calculated, every Nth record is selected from a list of population members.

**Stratified sampling** is the commonly used probability method that is superior to random sampling because it reduces sampling error.

**Convenience sampling** is used in exploratory research where the researcher is interested in getting an inexpensive approximation of the truth.

**Judgment sampling** is a common non-probability method. The researcher selects the sample based on judgment.

**Quota sampling** is the non-probability equivalent of stratified sampling. Like stratified sampling, the researcher first identifies the strata and their proportions as they are represented in the population.

**Snowball sampling** is a special non-probability method used when the desired sample characteristic is rare, (Statpac 2012).

Sampling method chosen for the determination of the research sample in this study is convenience sampling, given the vastness of the area of Pinetown and the cost and time attached to travelling to reach the respondents in Clermont, KwaSanti, KwaNdengezi and Nazareth.
3.3 Research Tool Designation

The research tool chosen for the study was a questionnaire. There are different types of questionnaire, all these types of questionnaires have their advantages and disadvantages. It is only appropriate that the questionnaire was formulated, specifically for the purposes of this research.

A questionnaire is not just a list of questions in a form that need to be filled in. It is essentially a measurement tool that is utilised to collect data. The aims and specification of the questionnaire are a direct result of the research design, (Sekaran and Bougie 2009:197).

Questions formulated were a direct result of concerns emanating from literature review and substantiated by the pilot study conducted prior the main research was undertaken, discussed further under Construction of Questionnaire and Pilot Study.

3.4 Research Tool Customised

3.4.1 Pilot Study

The draft questionnaire was evaluated by a person with several years of research experience and it was also pilot tested on a small group of people. As a result of the feedback certain questions were amended. This is because some were vague, two were leading and some were double barreled. All members of the pilot study agreed that the questions were relevant to the research as such face validity was confirmed.
3.4.2 Construction of the Questionnaire

The questionnaire is representative of the set objectives with scales set as a guide to establish mathematical responses to help establish relationships in the form of comparisons, similarities and inequalities.

Cooper and Schindler (2006:378), believe that the order in which the questions are set should encourage and stimulate the respondent’s participation. Moving from simple to more complex questions reduces the number of unanswerable questions. It is upon this basis that there are two separate parts in the questionnaire, preliminary research questions and main questionnaire for this research work.

The questionnaire consists of seventeen questions that are open ended. The questionnaire was formulated based on literature review, the objectives set and the preliminary field research conducted in the pilot study. A set of preliminary questions was also formulated in order to establish factors relating to the establishment of business, sustainability and future intentions. (Appendix 2)

The Likert Scale has been chosen for questionnaire respondents. Online Trechim (2008) defines Likert scaling as an “uni-dimensional scaling method”.

For the purposes of this research the scale method utilized for respondents to use ranges from 1- 5. The choice for this range of response emanates from the fact that it has become commonly applied in research work where questionnaires are used as research tool. It is envisaged that the respondents in their responses to questionnaire items would be able to specify the extent to which they agree or disagree in the
list of statements set, to verify survival tactics for micro business owners. A Descriptive Summary from the Likert Scale is analysed in Chapter 4 and attached as Appendix 5, (Statistics Café, 2011).

The range of response in the questionnaire is set as follows:

1-Strongly Disagree, 2- Disagree, 3- Unsure, 4- Agree, 5-Strongly Agree

The range of responses in the preliminary question is varied but set to ascertain relationship between variables.

3.4.3 Administration of the Questionnaire

3.4.3.1 Self Completion / Self-Administered Questionnaire.

Sekaran and Bougie (2009:212), state that, self-administered questionnaire allow the respondents to fill the questionnaire themselves, with this process there is a high degree of anonymity.

Copies of the questionnaire were personally taken to individual business owners around the area of Pinetown. All the questionnaires were thus self-administered, in order to ensure definite and speedy response and guard against misinterpretation. These questionnaires where possible had to be filled at the same time and in other instances for respect of the respondent’s convenience, the questionnaire had to be left with the respondent and collected at a later period.

All the respondents who received the questionnaire had also the covering letter requesting participation and outlining the research project and
objectives. The approval for the Ethical Clearance has been granted by the University of KwaZulu-Natal Ethical Clearance Committee (Appendix 3). All respondents were assured of confidentiality to encourage their participation. Level of literacy - not all respondents understood the questionnaire in English thus the questions were translated orally into Zulu. In the administration of the questionnaire conducting the research the following issues became evident:-

- Level of literacy also meant not all respondents are able to sign the consent form

- There was some form of resistance to co-operate by the respondents in fear of being robbed of their independence

- The few Chinese small business owners blatantly refused to participate in the research for fear of prejudice, as they have been subjected to some scrutiny regarding the originality of their products and trading licences

- Time is of essence to the respondents as they would not want to loose even one single prospective buyer especially the hawkers, one had to allow interruptions whilst sales were taking place.

- Some street traders employed by some traders would not want to respond on their own, but rather have their (hawker bosses) employers respond.

- Because of the nature of operation of street hawkers, the questionnaire could not be left for collection at a later date but had to be filled at the same time and the possibility of getting the respondent at the same place could not be guaranteed.
• Transparency was lacking with regard to information on the suppliers in an effort to clarify questions on group buying objective.

• Some street traders are victims of Metro police raids due to not possessing trading permits. In Chapter 4 there is a detailed report on this under the topic Research Field Dynamics.

• There is a whole lot of cautiousness within the micro-business owners, the researcher in some instances has been subjected to more questions, than the interview questions, responses had to be strict with no fake promises that are outside the ambit of the research - details outlined in Chapter 4 under respondent queries.

3.5 Factor Analysis

Fay and Wallace (1987:165) believed that; factor analysis is an extremely complex procedure to utilise; as it allows the researcher to take an inductive approach toward identifying a series of dimensions underlying the responses. Factor analysis help confirm the hypothesis and also if need be can be used to reduce the number of many variables into a manageable number. Factors are set and rotated such that there is a simple structure which depicts relationships between variables. This has been the chosen pattern for analysing the variables determining the relationship, compatibility, variations and correlation.

Tucker and MacCallun (1997:02) state that; when the researcher views data collected there can be substantial correlations or variations among respondents. These may either be high or low. Factor analysis summatively assists in identifying order and structure in the data. The questionnaire has been set to meet the objectives of the research and the
analysis in Chapter 4 and the recommendations in Chapter 5 have been structured as per each and every objective.

3.6 Descriptive Statistics

It is essential that a summary of all the data collected and analysed is presented in a format understandable and manageable. There are two types of statistics presentations when data is summarised, descriptive statistics and inferential statistics. Trechim (2008) explains descriptive statistics as different from inferential statistics. The distinguishing factor with descriptive statistics is that it simply describes what the data shows. Whereas with inferential statistics; the analysis seeks to reach conclusions that go over and above the immediate data alone. “Descriptive Statistics are used to present quantitative descriptions in a manageable form. In a research study one may have lots of measures. Or one may measure a large number of people on any measure. Descriptive statistics help one to simplify large amounts of data in a sensible way. Each descriptive statistic reduces lots of data into a simpler summary”, (Trechim, 2008), (Appendix 5).

3.7 Conclusion

This chapter has given a precise view into the research methodology, tools utilized for the research and discussed the population sample size, questionnaire construction and the analysis utilised for data interpretation. Chapter 4 intends presenting the data as collected and classified for proper analysis and also in a summary format.
CHAPTER FOUR

PRESENTATION OF RESULTS AND THE FINDINGS

4.1 Introduction

This chapter is focused on presenting and describing data collected from the field. It is important to note that data presented here has been considered as vital research outcome and has a pattern from the research data that has been collected. Data is presented in various formats, bar charts, tables and histograms.

Biggam (2008;130) advocates that, it is in this chapter that the case study as laid in Chapter 3 has its substance, and the methodology is also applied.

4.2 Research Field Dynamics

The quantitative study chosen as relevant for this study had to be substantiated with interviews so as to ensure that; the accuracy of the response is informed by appropriate understanding by the respondent of the questions asked. This has in no way tampered with the research intention to remain objective at all cost.

4.2.1 Participatory Ethical Issues

For all prospective participants information was given of the nature and purpose of the research and all respondents were appreciated in advance for their willingness to participate. The respondents were also advised that
they were at liberty to ask questions of clarity should they not be clear about any of the questions asked. In each instance respondents were advised that their responses would be recorded on the questionnaires.

Respondents were advised that their answers to the questions in the interview would remain private and confidential and that they would be utilised with no adverse trace back effects to them, by any other organisation or institution.

The respondents were assured that the responses would be in safe keeping as per the University of KwaZulu-Natal guidelines and destroyed after the prescribed time also set by the University, (Appendix 2).

4.2.2 Field Challenges

Uncertainty of respondents concerning the intention of the research exercise, hindered the process somewhat. This was because in some instances the traders had been subjected to police raids in search for permits and as such they were distrustful. This has been regarded as ill treatment and misuse of power by traders; given the fact that when police conduct these raids they dispossess traders of their trading items and in many circumstances such items on their release after the receipt of permits are missing, damaged and, or tampered with. Traders without permits now depend on the grace of other fellow traders who pose as owners of items on sale when Ethekwini Metro Police raids are in place in the Pinetown area.

4.2.3 Respondents Queries

It became evident that, there are numerous promises that have been made by different role players concerning assisting predominantly black – micro businesses in the Pinetown Area, but there has not been any follow
through (significant to Chapter 2's discussion on the Role of Government Agencies). It is also perceived that there have been researchers who did not clarify their purpose and intention and used research as a pretext for other unknown purposes. This caused the research process to be delayed as there was resistance and in some instances negativity from potential respondents many of whom sought clarity on these broken "promises". Though introductions were made and done officially whilst seeking consent, it became necessary to further explain the purpose of the research, to put the respondents at ease.

4.2.4 Social Cohesion

It was observed that there is a culture amongst street traders and hawkers of unity and some sense of belonging as reflected in the micro business owners responses to the question on future plans and decision to close. For some of these traders there is no life beyond their life as a street trader. This may be that they are better off than they were prior to trading and that they are content in their known, comfort zones. Further research could be conducted to explore this perception.

4.3 Presentation of Research Data

Figures in the form of graphs, charts and tables are presented concerning the research statistics based on the sample size and the number of respondents.

"Graphical data presentation is encouraged. Carefully composed graphs often permit the reader to decide at a glance if data are in danger of violating statistical assumption," (ESA Publications:2011).
4.3.1 Categories of Respondents

This study focused on micro-businesses mostly categorised: home based trader, hawker, very small business, broker/agent and other.

A total of 63 micro business owners were interviewed and the number that responded was 48, which is 76.2% of the number interviewed. The main categories namely, home based trader, hawker, very small business, broker/agent and other of the respondents are as per Table 4.1 Respondents per Area and Table 4.3 Business Classification.

<table>
<thead>
<tr>
<th>Area No</th>
<th>Area</th>
<th>No Interviewed</th>
<th>Response</th>
<th>Non-Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Clermont</td>
<td>16</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>KwaSanti</td>
<td>15</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>KwaNdengezi</td>
<td>14</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Nazareth</td>
<td>18</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>63</td>
<td>48</td>
<td>15</td>
</tr>
</tbody>
</table>

|TABLE 4.1 Respondents Per Area|

**Clermont** micro business owners vary between hawkers and very small business category, representative of the retail/distribution business sector. Significant of its level of development only Clermont had respondents whose business classification is broker which was 18% of the total number of respondents. Respondents centered at major transport intersections and taxi ranks, (Ligthelm 2010:4-5).
**KwaSanti** micro business owners would only classify themselves mostly as hawker even though trading just a few paces outside their residential base. A total of 90% of the respondents thus classified themselves as hawker and 10% as very small business.

**KwaNdengezi** micro business owners classification was 50% for both hawker and very small business classifications, all the other categories not represented.

**Nazareth** micro business owners had 57.14% who classified themselves as aspirant very small business, with 35% attributing classification to hawkers.

---

**Figure 4.1 Number of Respondents Per Area** Table 4.1 displays the number of interviews conducted in each area and the number of responses received.

---

**Table 4.1**

<table>
<thead>
<tr>
<th>Area</th>
<th>Number Interviewed</th>
<th>Number Responded</th>
<th>Non-Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clermont</td>
<td>18</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>KwaSanti</td>
<td>16</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>KwaNdengezi</td>
<td>14</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>Nazareth</td>
<td>20</td>
<td>16</td>
<td>4</td>
</tr>
</tbody>
</table>

---

46
PRELIMINARY QUESTIONNAIRE- TABLES AND GRAPHS RESPONSE ANALYSIS

4.3.2 Number of Years in Business

Across all business classifications/categories the number of respondents who have been in business for more than five years was high in all areas. The frequency totaling 30 indicating the ability to survive though it was not so significant for the prospects of business growth (Table 4.2).

Number of Years in Business

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1 year</td>
<td>4</td>
<td>8.3</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>13 to 24 months</td>
<td>3</td>
<td>6.3</td>
<td>6.4</td>
<td>14.9</td>
</tr>
<tr>
<td>25 to 48 months</td>
<td>6</td>
<td>12.5</td>
<td>12.8</td>
<td>27.7</td>
</tr>
<tr>
<td>49 to 72 months</td>
<td>4</td>
<td>8.3</td>
<td>8.5</td>
<td>36.2</td>
</tr>
<tr>
<td>Valid</td>
<td>47</td>
<td>97.9</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>More than 5 years</td>
<td>30</td>
<td>62.5</td>
<td>63.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>97.9</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>1</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.2 Number of Years in Business
Informal settlement dwellers in the area of Clermont and KwaSanti, are representative of unemployed or retrenched with no other form of income, who had to be in business to make ends meet. These areas also feature part time employed economically active individuals who need to supplement their income in order to survive.

Figure 4.2 Years in Business

The 49 to 72 months with 8.5% and 25 to 48 months with 12.8% categories are representative of the population segment that got retrenched or lost their jobs as a result of firms closing down or downsizing around the area of Pinetown and were prudent enough to invest their take home package in establishing their small businesses.
4.3.3 Business Classification

As part of the preliminary research questions respondents were requested to classify their business as per the business categories set out in the research. Table 4.3 and Figure 4.3 show the responses obtained:

**Business Classification**

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home based trader</td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Hawker</td>
<td>26</td>
<td>54.2</td>
<td>54.2</td>
<td>56.3</td>
</tr>
<tr>
<td>Very small business</td>
<td>19</td>
<td>39.6</td>
<td>39.6</td>
<td>95.8</td>
</tr>
<tr>
<td>Broker/Agent</td>
<td>2</td>
<td>4.2</td>
<td>4.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.3 Business Classification
Figure 4.3 Self Classification

Hawker classification at 54.2% was predominant, second being the category of very small business at 39.6%. Home based trader was at 2.1% and the broker agent classification being 4.2%. In the light of the breakdown 94% of respondents are people who are active traders.
### 4.3.4 No of People Supported out of Business

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>2</td>
<td>4.2</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>1 - 4 people</td>
<td>15</td>
<td>31.3</td>
<td>31.9</td>
<td>36.2</td>
</tr>
<tr>
<td>5 - 10 people</td>
<td>21</td>
<td>43.8</td>
<td>44.7</td>
<td>80.9</td>
</tr>
<tr>
<td>Valid 10 - 15 people</td>
<td>7</td>
<td>14.6</td>
<td>14.9</td>
<td>95.7</td>
</tr>
<tr>
<td>16+</td>
<td>2</td>
<td>4.2</td>
<td>4.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>97.9</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>1</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 4.4 People Supported**

On a range of 1 to 5 as per Table 4.4 the number of people supported out of business varies according to area demographics, population literacy levels and development statistic in the area. The prominent issue is that support is in all cases is for both the respondent and the dependents. Only in rare occasions was there support expressly for the respondent. This is significant as it is in line with literature findings on the ownership of
SMMEs and Survivalist businesses. Micro business owners in Pinetown are in business to also provide support to dependents.

**Figure 4.4 People Supported**

Depicted from Figure 4.4 is the reflection of the condition of communities in Pinetown area. 31.9% representing 1-4 people supported and 44.7% representing 5-10 people supported is indicative of respondents who are in business for the sake of supporting their family members and not for merely increasing wealth. Dependents vary from single parented children whose parents have passed away due to HIV/AIDS pandemic and matriculants whose hopes of making to tertiary are not yet realized.
4.3.5 Number of People Employed

Table 4.5 and Figure 4.5 depict home based traders in formally established areas like KwaNdengezi, Clermont who have lost income from the formal sector are pressured to make their micro-businesses work for them in order to sustain livelihood. Unprocessed data revealed that the level of development in KwaNdengezi surpasses other areas, but Clermont is able to sustain livelihood for many other people. The micro-business sector is thriving in terms of providing employment opportunities in Clermont.

Number of People Employed

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>22</td>
<td>45.8</td>
<td>46.8</td>
<td>46.8</td>
</tr>
<tr>
<td>1 - 4 people</td>
<td>22</td>
<td>45.8</td>
<td>46.8</td>
<td>93.6</td>
</tr>
<tr>
<td>Valid</td>
<td>5 - 10 people</td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>10 - 15 people</td>
<td>2</td>
<td>4.2</td>
<td>4.3</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>97.9</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>1</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.5 People Employed

The number of people employed has a high percentage rating of 46.8 % for both none and 1-4 people categories, this being verified by the
discussion in Chapter 2 on Literature Review stating that micro business ownership is the responsibility of the owner and would generally not have more than 4 people in employment and in many instances there are no employees. These two categories as depicted from fieldwork research are representing hawker respondents and very small business respondents. The 2.1% and 4.3% belong mainly to the very, small business, home trader and broker/agent. The respondents with employees have mostly built facilities for operating their business and also have minimal business record keeping standards.

![Figure 4.5 People Employed](image)

**Figure 4.5 People Employed**
In the absence of the micro business owner, a family member would take over the operations or rather a trusted micro business, neighbour or a friend. Compensation for service rendered for family; is in terms of support paid out of business proceeds. For a trusted friend compensation is the return of the favour under the same circumstances.

4.3.6 Plans for the Future

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No change</td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Modest expansion</td>
<td>11</td>
<td>22.9</td>
<td>23.4</td>
<td>25.5</td>
</tr>
<tr>
<td>Plans to expand substantially</td>
<td>19</td>
<td>39.6</td>
<td>40.4</td>
<td>66.0</td>
</tr>
<tr>
<td>Slight change in product range</td>
<td>4</td>
<td>8.3</td>
<td>8.5</td>
<td>74.5</td>
</tr>
<tr>
<td>Complete change in the product range</td>
<td>12</td>
<td>25.0</td>
<td>25.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>97.9</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>1</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.6 Plans for the Future

Preliminary questions also sought to establish to what extent, would micro business owners consider growing their business operations.
Nazareth had many more aspirant very small business respondents who wanted to expand substantially and at the same time have a slight change in their product range. Table 4.3.6 depicts 39.6% respondents with plans to expand substantially, though only 25.0% would consider changing their product offering.


![Figure 4.6 Future Plans](image)

**Figure 4.6 Future Plans**

Over a period of trading respondents establish brand and customer loyalty. If the product is sellable and customers repeatedly buy it, there
seems to be no intention and no reason compelling to consider changing, rather expansion is the future intention at 40.4%. However 8.5% and 25.5% respondents respectively still considered that a slight change in product and complete change would be preferred for their future growth.

### 4.3.7 Decision to Close Business- Salary Level

A nil category was included in the field realising that out of all respondents 6 had no intention to close business and take a job for any of the amounts set in the questionnaire. KwaNdengezi accounted more for the nil probability to consider moving referred to as the missing category in Table 4.7.

R6 000.00 salary for the Clermont area was considered the acceptable salary amount by half the respondents in the area to opt to discontinue business operations and settle for an employment opportunity. Clermont demographic statistics validate this response as it is the oldest township in Pinetown and has basic services that are subsidised by the Municipality. The standard of life, also attest to this middle option of R6 000.00 as satisfying. R12 000.00 salary option was the ideal amount for mostly micro business owners with more than 1-4 dependents.
**Table 4.7 Decision to Close**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>R4,000</td>
<td>5</td>
<td>10.4</td>
<td>11.9</td>
</tr>
<tr>
<td>R6,000</td>
<td>9</td>
<td>18.8</td>
<td>21.4</td>
</tr>
<tr>
<td>R8,000</td>
<td>11</td>
<td>22.9</td>
<td>26.2</td>
</tr>
<tr>
<td>R10,000</td>
<td>8</td>
<td>16.7</td>
<td>19.0</td>
</tr>
<tr>
<td>R12,000</td>
<td>9</td>
<td>18.8</td>
<td>21.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>42</td>
<td>87.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Missing System**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>R4,000</td>
<td>5</td>
</tr>
<tr>
<td>R6,000</td>
<td>9</td>
</tr>
<tr>
<td>R8,000</td>
<td>11</td>
</tr>
<tr>
<td>R10,000</td>
<td>8</td>
</tr>
<tr>
<td>R12,000</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48</td>
</tr>
</tbody>
</table>

Table 4.7 above and Figure 4.7 below reflect that the ability to survive on meager means lowers aspirations and develops acceptance of the status quo. Evident during the research was the fact of ‘fear of the unknown’. Doubts as to being able to be employed again were obvious. Being self-employed in the current economic conditions provided for respondents better security than envisaging employment. Though not verbalized but responses received communicated a message of ‘once bitten; twice shy’. For some respondents, they would accept a salary at a certain category but still have their business running on the side as some form of security
Would you close your business and take a job if you were assured of a salary of:
(What is the lowest amount you would accept?)

Figure 4.7 Decision to Close
BUSINESS MANAGEMENT PRINCIPLES

4.3.8 Granting Credit To Retain Select Customers

Research sought to find out whether micro-business owners would consider credit granting as a business management principle applicable to their operations, for survival purposes. Table 4.8 and Figure 4.8 below display numerical values of responses in percentages:-

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>21</td>
<td>43.8</td>
<td>43.8</td>
<td>43.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>45.8</td>
</tr>
<tr>
<td>Agree</td>
<td>6</td>
<td>12.5</td>
<td>12.5</td>
<td>58.3</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>20</td>
<td>41.7</td>
<td>41.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.8 Credit Granting
Figure 4.8 Credit Granting

Objective one intended to establish the existence of strategic business management skills. Table 4.8 and Figure 4.8 indicate that respondents strongly disagreeing to granting credit to retain customers were 48.3% and respondents strongly agreeing to granting credit to retain customers were 41.7%. The 41.7% respondents who strongly agreed to granting credit, qualified granting of credit by classifying the select customer as having a mutual relationship with the business owner and the level of trust confirmed.
4.3.9 Keep Stock Of Perishable Products Low To Minimize Losses

Micro business owners vary in stock keeping depending on the product range. Table 4.9 and Figure 4.9 indicate the adherence of micro business owners to stock keeping principles to minimise losses:

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
<td>14.6</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>4.2</td>
<td>4.8</td>
<td>21.4</td>
</tr>
<tr>
<td>Unsure</td>
<td>6</td>
<td>12.5</td>
<td>14.3</td>
<td>35.7</td>
</tr>
<tr>
<td>Agree</td>
<td>17</td>
<td>35.4</td>
<td>40.5</td>
<td>76.2</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>10</td>
<td>20.8</td>
<td>23.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>87.5</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.9 Stocking Perishable Products
Figure 4.9 Perishable Products Stocks

Stock control is considered a management issue and thus sought to establish objective one. Response received from the research reflects three factors namely; the business sector, (production, retail, services), secondly the type of business, (home based, hawker, very small business, broker and other), thirdly the product offering durable or non-durable products. Table 4.9 and Figure 4.9 depicts 14.6% strongly disagreeing representing the home based trader and very small business with secure premises and facilities for storage. Recommendations have been made in Chapter 5, for mentorship programmes to assist micro business owners to become competent with stock management.
4.3.10 Durable products bought in bulk, to get lower costs

Presented in Tables 4.10 and Figure 4.10 is the numerical and visible measurement of response by micro-business owners on their stock buying behavior related to buying bulk durable products to save.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsure</td>
<td>3</td>
<td>6.3</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
<td>16.7</td>
<td>18.6</td>
<td>25.6</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>32</td>
<td>66.7</td>
<td>74.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>89.6</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>5</td>
<td>10.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.10 Buying Bulk Durable Products
Figure 4.10 Buying Bulk Durable Products

Buying bulk durable products had a swopping 74.4% strongly agree response rate as it was considered by respondents as money saving strategy. Unsure respondents accounting for 7.0% and 18.6% agree rates had an issue with product storage. It was discovered also as research was being conducted that overnight storage space is paid for, yet product safety cannot be completely guaranteed.
4.3.11 Area Around Business Clean

Of the six business management principles selected, the research also included establishing to what extent, micro business owners would adhere to the principle of keeping the area around their business clean. Table 4.11 and Figure 4.11 depict numerical and visual presentation of the respondents’ view.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsure</td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Agree</td>
<td>7</td>
<td>14.6</td>
<td>14.6</td>
<td>16.7</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>40</td>
<td>83.3</td>
<td>83.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.11 Clean Business Area
A resounding 83.3% respondents reflected in Table 4.11 and Figure 4.11 reflect the intention of both objective one; business management strategy in application and objective two; business promotion, overlapping.

**Figure 4.11 Clean Business Area**
4.3.12 Good Customer Service

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>2.1</td>
</tr>
<tr>
<td>Agree</td>
<td>5</td>
<td>10.4</td>
<td>10.4</td>
<td>12.5</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>42</td>
<td>87.5</td>
<td>87.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.12 Good Customer Service

Good service to my customers results in them being the best advertisers of my business

Figure 4.12 Good Customer Service
Objective one and objective two intertwined as strategic business management principle and business promotion with 87.5% respondents strongly agreeing that good customer services does not only ensures stability but also promotes business.

Topfer (2011) states that; “Customer service is one of the few great advantages that a small business has over a larger competitor. Although they are unlikely to be able to compete on price, they have the potential to provide a far more personalised and caring customer care experience”.

Based on the response obtained and the analysis provided; good customer service, is a positively adhered to business management principle.
4.3.13 Wholesale Discounts/ Membership

Pinetown has wholesale establishments within the Central Business Area. Responses by micro-business owners to the questionnaire on wholesale membership for discount purposes, presented the following results:-

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
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</tr>
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<td>10.4</td>
<td>10.6</td>
<td>61.7</td>
</tr>
<tr>
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<td>7</td>
<td>14.6</td>
<td>14.9</td>
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<tr>
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<tr>
<td>Total</td>
<td>48</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.13 Wholesale Membership

22.9% respondents who have considered taking up membership have done so, solely for purposes of earmarking discounts and sale periods by wholesalers. 43.8% strongly disagreeing reflected that it wholesale membership cannot be considered as a useful business management principle.
Some 43.8% of respondents have not registered with any wholesalers to obtain discounts whilst 22.9% have attested to having signed up with wholesalers for purposes of obtaining discounts. Micro-business owners in Pinetown have the advantage of the retail shops that have found a market with specifically hawkers. These retail supermarkets function as direct wholesalers to micro-business. There are no membership restrictions for stocking items for sale, and items on sale are comparatively cheaper than those at the other wholesalers. Wholesale membership thus, does not become a priority concern for micro-business owners in Pinetown as a management strategy.

**Figure 4.13 Wholesale Membership**

Some 43.8% of respondents have not registered with any wholesalers to obtain discounts whilst 22.9% have attested to having signed up with wholesalers for purposes of obtaining discounts. Micro-business owners in Pinetown have the advantage of the retail shops that have found a market with specifically hawkers. These retail supermarkets function as direct wholesalers to micro-business. There are no membership restrictions for stocking items for sale, and items on sale are comparatively cheaper than those at the other wholesalers. Wholesale membership thus, does not become a priority concern for micro-business owners in Pinetown as a management strategy.
BUSINESS PROMOTION

4.3.14 Good Signage

Good signage has an effect of attracting would be customers, and drawing the attention of an ignorant passerby to consider buying. Table 4.14 presents the data collected in response to this question:-

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
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<tr>
<td>Strongly Agree</td>
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<td>Total</td>
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<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
<td></td>
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</tr>
</tbody>
</table>

Table 4.14 Good Signage/ Business Promotion
Figure 4.14 Good Signage/Business Promotion

Table 4.14 and Figure 4.14 show objective two of the research. It can be seen that 37.5% respondents strongly agree to having signage. This is signage either for product prices or signage for product suppliers, e.g. MTN, Vodacom, Cell C, Coca Cola.

Good signage according to the 37.5% is an existing business promotion procedure, but to a large extent deprive micro business owners of the exposure they deserve specifically, very small business owners with spaza shops.
4.3.15 Loudhailer/PA System

In the Literature Review many authors referred to micro-business owners as mostly found in township entrances and major transport intersections. Noise in taxi ranks and in main business areas in Pinetown area would warrant that loudhailers be utilized for micro business owners to be audible as they promote their businesses and their products. Table 4.15 present the results of the responses obtained from micro-business owners.

<table>
<thead>
<tr>
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<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
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<tr>
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<td>6.3</td>
<td>8.3</td>
<td>83.3</td>
</tr>
<tr>
<td>Agree</td>
<td>3</td>
<td>6.3</td>
<td>8.3</td>
<td>91.7</td>
</tr>
<tr>
<td>Strongly Agree</td>
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<td>8.3</td>
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<tr>
<td>Total</td>
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<tr>
<td>Total</td>
<td>48</td>
<td>100.0</td>
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<td></td>
</tr>
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</table>

Table 4.15 Loudhailer/PA System Usage
Of hawkers, very small business and home based traders 45.8% respondents attested to not using any loud hailers for business promotion. Scattered through other scales reflects small businesses run from taxi ranks and small business establishments in Pinetown where there is a PA system and a lady at the entrance to the shop. Business promotion and product promotion also presents some ambiguity reflected by 6.3% respondents, indicative of objective two. The percentage using loudhailers and PA systems reflect that it is not a favoured business promotion method. Word of mouth is considered as an inexpensive and invaluable advertising method.
4.3.16 Street Walkers

Street walking has been explored as a prospective business promotion technique, considering that it is in an inexpensive way of promoting business, and advertising products. Table 4.16 and Figure 4.16 display the responses:

<table>
<thead>
<tr>
<th>Frequency</th>
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<th>Valid Percent</th>
<th>Cumulative Percent</th>
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</thead>
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<td>29.2</td>
<td>37.8</td>
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<tr>
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<td>2.7</td>
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<td>Unsure</td>
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<td>8.3</td>
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<td>10.4</td>
<td>13.5</td>
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Missing System

<table>
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Total

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<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 4.16 Street Walkers
Figure 4.16 Street Walkers

Figure 4.16 reflects varied views on street walking as a form of business promotion. Some 35.1% hawker respondents would walk around their area of business operation in pursuit of getting exposure at the same time advertising their product. In complete contrast 37.8% do not believe in street walking as a form of business promotion. But an observational analysis of this rating is that traders who do not walk around are confined to one spot because they have trading permits or are in established facilities.
CASH FLOW MANAGEMENT

4.3.17 Determining the mark-up price for profit making is easy

For purposes of the research, establishing the respondents’ ability to determine the mark-up price for profit would assist in assessing micro-business expertise on cash-flow management. Table 4.17 and Figure 4.17 lay out the responses.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
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<tr>
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<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 4.17 Mark Up Price Determination

In Table 4.17 micro business owners have their regulatory environment, aimed at protecting them but adversely also protects the consumer. The 50.0% that strongly agreed to being able to determine the profit mark up with ease have product prices set e.g. fruit in season, per packet has a lower price than one unit out of season.
Objective three seeks to establish the micro business owners ability to manage cash flows. A total of 50.0% is representative of respondents who fall under the category of >than 5 years in business as depicted in Table 4.17 and Figure 4.17 in all areas under study. The percentage difference between 50.0% and 33.3% namely 17% is representative of the micro business owners whose informal skills are still minimal.

Mark up price determination is thus evidence of the applicability of this cash flow management technique as means of survival for micro business owners.
4.3.18 Buying Fast Lines

Fast line products, for the purposes of the study meant products bought for fast turnover. Table 4.3.18 is the presentation of responses to this question:-

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
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<td>14.6</td>
<td>58.3</td>
</tr>
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</tr>
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<td>Total</td>
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<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.18  Buying Fast Lines
Figure 4.18 Buying Fast Lines

Fast lines for some traders would be better explained as seasonal products. Most hawkers respondents are fruit and vegetable sellers and small business and home traders sell basic groceries, small scale clothing and jewelry accessories and cosmetics. As many as 41.7% respondents who strongly agreed, had on their range of items for sale, products significant of the season, thus purchases are guaranteed. In contrast to the 4.2% respondents that strongly disagreed because their product range is purchased in and out of season.

The analysis observed from Table 4.18 and Figure 4.18 is that buying fast lines is in support of the research objective in establishing cash flow.
management techniques applicable to micro business owners in the Pinetown Area.

4.3.19 All Sales Are Cash Sales

Table 4.19 presents results of responses by micro-business owners with regard to conducting their sales:

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
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<td>48</td>
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<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.19 Cash Sales

Objective three had a favourable response on cash sales of 64.6% respondents strongly agreeing to their sales made as cash sales, which is reflective of the customer base serviced by micro business owners. It is also indicative of the business classification prevalent in the area of research. Hawker respondents sell perishable products. 64.6 % respondents is also reflective of the nature of product, demand of the
product and also the price of the product. Considering that all items on sale are daily necessities, ranging from food items, to basic cosmetics.

Other varied responses at 16.7% and 4.2% would allow for conditional ‘buy now, pay later’ which circumstance based and depends on the level of relationship between the micro business owner and the customer. 8.3% and 6.3% only reflect the very small businesses who are doing lay byes and some conditional credit sales, based on the level of trust between the customer and the owner of business.

Figure 4.19 Cash Sales
Glaring in the layout of Figure 4.19 is the positive response by micro-business owners in favour of all sales treated as cash sales; considered as a cash flow management principle.

### 4.3.20 Private Takings - Daily Takings

Ownership of micro-business is such that the owner tends to operate alone, being responsible for everything. Table 4.20 concerns the discipline of micro business owners in ensuring that their business operations are going concerns:-

<table>
<thead>
<tr>
<th>Frequency</th>
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<td>6.3</td>
<td>6.4</td>
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</tr>
<tr>
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<td></td>
</tr>
</tbody>
</table>

Table 4.20 Private Takings - Daily Takings
Table 4.20 and Figure 4.20 reflect the intention of objective three. Daily takings are reflective of the need rather than the earnings per day. Hence 20.8% respondents strongly disagreed and 29.2% and 16.7% respectively agree and strongly agree. Daily earnings service daily basic needs, ranging from basic food necessities and travelling expenses.

The varied responses reflect the nature of micro business ownership and micro business nature. It is in the light of this response that Chapter 5 recommendation has been made on the Cash Flow Management Objective.
4.3.21 Separation of Cash-Flow (Personal vs Business)

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
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<tr>
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<td>25.0</td>
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</tr>
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<td>72.9</td>
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<td></td>
</tr>
</tbody>
</table>

Table 4.21 Personal Cash Flow vs Business Cash Flow

Table 4.21 and Figure 4.21 established that micro-business respondents in Pinetown are ideally able to separate personal cash flow and business cash flow. Altogether 35.4% and 27.1% agree and strongly agree respectively also affirms ability to continue operations, servicing the intention of objective three.

Similar to the response received from the question of private takings limited to a percentage of daily earnings, recommendation in Chapter 5 on the Cash Flow Management has its basis on these statistical findings.
There is a separation between personal cash-flow and business cash-flow

Figure 4.21 Personal Cash Flow vs Business Cash Flow
GROUP BUYING

4.3.22 Working With Neighbouring Micro-Businesses

Group buying requires a level of trust between micro-business owners, working with neighbouring micro-business would be part of enhancing relationship. Table 4.22 and Figure 4.22 display respondents view on this question:

<table>
<thead>
<tr>
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<th>Frequency</th>
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<th>Valid Percent</th>
<th>Cumulative Percent</th>
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</thead>
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<td>2.1</td>
<td>41.7</td>
</tr>
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<td>Total</td>
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<td></td>
</tr>
</tbody>
</table>

Table 4.22 Neighbouring Micro Businesses

As part of objective four in an effort to establish group buying as a method to survive and cut costs. Table 4.22 shows that 37.5% respondents strongly disagreed with 29.2% confirming that they consider working with
their neighbouring micro businesses and have seen the benefits in reducing competition and increasing product complementation.

Figure 4.22 Neighbouring Micro Businesses
4.3.23 Joining Forces With Competitors

For purposes of this research it was imperative to establish what collaborative efforts micro–business owners would engage themselves in; and to what extent would they even consider that. Table 4.23 outlines data collected in response to this quest.

<table>
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<tr>
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</tr>
<tr>
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<td>Total</td>
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<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.23 Working with Competitors
Figure 4.23 Working with Competitors

Though objective four yielded a higher percentage in respondents who disagreed with the aspect of working with neighbouring micro businesses than respondents who agreed. Objective four get discounts appealing to respondents giving 31.1% rate of respondents considering enhancing their working relationships for the sake of getting discounts reflected in Table 4.23.
4.3.24 Sharing Transport Costs

Across all micro-business classifications namely, home based trader, hawker, very small business and broker/agent; transport is daily challenge, specifically for those who travel to their business operation spot. The intention however in this instance was to establish a willingness to share transport costs when acquiring selling stock. Table 4.24, presents data in response to the sharing of transport for buying stock to sell:-

Table 4.24 Sharing Transport Costs

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strongly Agree</strong></td>
<td>17</td>
<td>35.4</td>
<td>36.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Strongly Disagree</strong></td>
<td>22</td>
<td>45.8</td>
<td>46.8</td>
<td>46.8</td>
</tr>
<tr>
<td><strong>Disagree</strong></td>
<td>6</td>
<td>12.5</td>
<td>12.8</td>
<td>63.8</td>
</tr>
<tr>
<td><strong>Agree</strong></td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>48.9</td>
</tr>
<tr>
<td><strong>Unsure</strong></td>
<td>1</td>
<td>2.1</td>
<td>2.1</td>
<td>51.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47</td>
<td>97.9</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td><strong>Missing</strong></td>
<td>1</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>System</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Objective four reflects in Table 4.24 and Figure 4.24, 2.1% respondents reluctant of the power of the collective in reducing costs. Some 36.2% respondents were all agreeing to transport sharing as a measure to reduce costs. This value also is reflective of micro business owners selling mostly fruit and vegetables, contrary the 46.8% representative of respondents who strongly disagreed with the view of sharing transport costs. The range of products sold by these respondents is mostly diverse and unique to each business type and respondent.

Recommendations in Chapter 5 on Group Buying reflect the analyses of these findings.
4.4 Descriptive Summary

Resultant from the Likert scale, also known as a Summative Scale as described in Chapter 3 is the Descriptive Summary of all values obtained from respondents. A descriptive summary (Appendix 5) is a presentation of research data in an informative way, organized and also in a summary format as described by, Lind, Marchal, & Wathen (2003:06).

“The practical value of understanding the standard deviation of a set of values is in appreciating how much variation there is from the "average" (mean)”. “A large standard deviation indicates that the data points are far from the mean and a small standard deviation indicates that they are clustered closely around the mean”, (Wikipedia 2012; Marchal & Wathen 2003:06).

Niles (2012) states that, “the standard deviation is kind of the "mean of the mean," and often can help you find the story behind the data. To understand this concept, it can help to learn about what statisticians call normal distribution of data. A normal distribution of data means that most of the examples in a set of data are close to the "average," while relatively few examples tend to one extreme or the other”.

![Normal Distribution Curve](http://www.robertniles.com/stats/stdev.shtml)

Figure 4.25 Normal Distribution Curve (Adapted from Niles 2012)
Niles (2012) states that it is not always a case that all the graphs have bell shaped curve or have a normal distribution curve, some may have a very flat curve whereas others may be very steep. Sometimes the mean has a tendency of leaning to the one side or the other side. The Descriptive Summary below shows the analysis, the means and the standard deviations of the summative values with reference to each objective.

**PRELIMINARY QUESTIONNAIRE- RESPONSSESUMMATIVE VALUES**

<table>
<thead>
<tr>
<th>Questionnaire Item</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years in Business</td>
<td>4.1277</td>
<td>1.34515</td>
</tr>
<tr>
<td>Business Self Classification</td>
<td>2.4583</td>
<td>0.61742</td>
</tr>
<tr>
<td>People Supported</td>
<td>2.8298</td>
<td>0.89246</td>
</tr>
<tr>
<td>People Employed</td>
<td>1.6383</td>
<td>0.73501</td>
</tr>
<tr>
<td>Future Plans</td>
<td>3.3191</td>
<td>1.16295</td>
</tr>
<tr>
<td>Decision to Close</td>
<td>3.1667</td>
<td>1.32364</td>
</tr>
</tbody>
</table>

*Table 4.25 : Preliminary Questionnaire – Responsive Summative Values*

Evident in the Descriptive Summary is the close relationship/ correlation in the summative values in the standard deviations of preliminary question responses to business classification, number of people supported out of business and the number of people employed. The standard deviation for all three respectively was- 0.61742, 0.89246, 0.73501 depicted in Table 4.25. One can deduce that similarities exist as causal basis of micro-business initiatives in the Pinetown Area.
Future Plans had a mean of 3.3191 varied from the mean of Decision to Close by 0.1524 reflective of future sentiments prevalent in micro-business sector.

**QUESTIONNAIRE – RESPONSIVE SUMMATIVE VALUES PER OBJECTIVE**

**Business Management Principles**

<table>
<thead>
<tr>
<th>Questionnaire Item</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Granting</td>
<td>3.0625</td>
<td>1.90639</td>
</tr>
<tr>
<td>Keep Stocks of Perishable Products Low</td>
<td>3.5000</td>
<td>1.36596</td>
</tr>
<tr>
<td>Buying Bulk Durable Products</td>
<td>4.6744</td>
<td>0.60635</td>
</tr>
<tr>
<td>Cleaning Area Around</td>
<td>4.8125</td>
<td>0.44513</td>
</tr>
<tr>
<td>Good Customer Service</td>
<td>4.8125</td>
<td>0.64102</td>
</tr>
<tr>
<td>Wholesale Membership</td>
<td>2.6596</td>
<td>1.69752</td>
</tr>
</tbody>
</table>

Table 4.26 Objective One- Response Summative Values

Correlation between variables is glaringly depicted from Table 4.26. Micro-business owners in the Pinetown Area apply these management principles within their level of expertise. Buying Bulk Durable Products 0.60635, Cleaning the Area Around Business 0.44513, Good Customer Service 0.64102, standard deviations altogether have a high relationship and perceived as business management principle applicable to micro business owners. Wholesale membership with a standard deviation of
1.69752 is not guarded as a management principle by micro business owners.

**Business Promotion**

<table>
<thead>
<tr>
<th>Questionnaire Item</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Signage</td>
<td>3.6286</td>
<td>1.69923</td>
</tr>
<tr>
<td>Loud Hailer/PA System</td>
<td>1.8889</td>
<td>1.34754</td>
</tr>
<tr>
<td>Street Walking</td>
<td>3.0541</td>
<td>1.77867</td>
</tr>
</tbody>
</table>

**Table 4.27 Objective Two – Response Summative Values**

The standard deviation is clustered around the mean closer than other variables for the Loud Hailer/PA System, with the mean being 1.8889 and the standard deviation at 1.34754. Good signage and the streetwalking measures for business promotion does not depict a correlation reflective of the response received as per each item table in 4.14 and 4.16 above. Responses reflect minimal application by micro-business owners of the research business promotion technique, as they revert to traditional word of mouth product promotion.
CASH FLOW MANAGEMENT

<table>
<thead>
<tr>
<th>Questionnaire Item</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Up Price Determination</td>
<td>4.1250</td>
<td>1.21384</td>
</tr>
<tr>
<td>Fast Lines</td>
<td>3.8333</td>
<td>1.17298</td>
</tr>
<tr>
<td>Separation of personal cash flow and business cash flow</td>
<td>3.3542</td>
<td>1.55042</td>
</tr>
<tr>
<td>Private Takings- Percentage of Daily Earnings</td>
<td>3.1489</td>
<td>1.38279</td>
</tr>
<tr>
<td>All Sales – Cash Sales</td>
<td>4.2292</td>
<td>1.29220</td>
</tr>
</tbody>
</table>

Table 4.28 Objective Three- Response Summative Values

There seems to be consistency and a same pattern observed in the values of the standard deviations of all the variables in the cash flow management principle. Table 4.27 depicts similarity of views from the respondents with the mean values < 0.5 and the standard deviation on the same range.

GROUP BUYING

<table>
<thead>
<tr>
<th>Questionnaire Item</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working with Neighbouring Micro Businesses</td>
<td>3.1042</td>
<td>1.74111</td>
</tr>
<tr>
<td>Joining Forces with Competitors for Discounts</td>
<td>3.3125</td>
<td>1.62633</td>
</tr>
<tr>
<td>Sharing Transport Costs</td>
<td>2.8936</td>
<td>1.69752</td>
</tr>
</tbody>
</table>

Table 4.29 Objective Four Summative Descriptive Values
Varied response as per tables 4.22, 4.23 and 4.24 respectively were received for the group buying principle. Though the standard deviation is not closely clustered to the mean, but the relationship between variables is still evident. The difference between the standard deviation of all three items is < 0.1.

Drawn from this analysis with the mean and the standard deviation values is the relationship between operations of micro business owners in Pinetown, the evidence of challenge similarities between micro business owners in relation to each research objective.

4.4 Conclusion

This chapter presented the findings from the data collected by means of questionnaires with a purpose to understanding the respondents' application of the selected business strategies to survive and grow their businesses.

The results of the findings have revealed that, micro business owners apply strategy depending on how conducive it is for their business operations to be sustained.

Chapter 5 contains the conclusion and recommendations relevant to this research.
CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a comprehensive analysis of the findings in Chapter 4 drawing conclusions and also making recommendations, thereof.

5.2 Recommendations Based on Literature

5.2.1 Factors Enhancing Micro Business Survival

Kitching, Blackburn, Smallbone & Dixon (2009:19) state that; “business survival and success relate to matching strategy to the ‘endgame environment’”. There are various pressures on price, capacity and margins spread across all business sectors, coupled with impact on individual customers, there is also technology dispossessing the less literate ability to be skills resourceful. Micro business has to thrive in light of all these pressures.

- Entrepreneurial Capacity

Micro business, survive based on the entrepreneurial capacity by the owner to keep the business going. It is argued that, “business strategy and performance vary with resources and capabilities, owner/manager perceptions of the threats faced and opportunities available”. Thomas et al. (1993) cited by Kitching et al (2009:19).
The SWOT analysis has been postulated as the best measurement for entrepreneurs to weigh capacity against.

- **Business Acumen/ Business Management Skills**

  Micro business, survive based on the level of business acumen/business management skills in running the business. These skills are necessary for any successful business, irrespective of level and type. Campbell et al (2003:13) refers to this as a resource; “intellectual (intangible) resources- inputs that cannot be seen or felt but which are essential for continuing business success, such as ‘know-how’, legally defensible patents and licences, brand names, registered designs, logos, ‘secret’ formulations and recipes, business contact networks, databases, etc”.

- **Creativity And Innovation**

  Creativity and innovation is postulated by Ambrosini (1998:266) as a powerful tool for survival of business irrespective of the market conditions. It is argued that creative thinking skills in business strategy are not reserved for corporate business leaders and high ranking strategists, but individuals can also acquire creativity and innovation. Entrepreneurial creativity is referred to based on two predominant ways of thinking; namely convergent thinking representative of hard thinking individuals highly focused, sometimes regarded as ruthless but always get the job done. The second predominant creative thinking is that attributed to divergent thinkers who are not focused but are highly curious, and not scared to explore, experiment, fail learn and look for new alternatives.
Ability To Adapt To Changes

Ability to adapt to changes in the market is a strategy indispensable for all business sectors, levels and categories. It enforces the application of the SWOT analysis enabling the business to match and compare any envisaged changes externally with its set strategy in order to develop defense mechanisms against future threats. The SWOT analysis would therefore challenge the validity of the business strategy and areas of improvement necessary for the business to survive and develop against prevailing economic conditions, (Ambrosini 1998 :266).

Campbell, Stonehouse and Houston (2003:3) state that the SWOT analysis, “….provides a firm platform for planning for the future on the organization”, in relation to a prevailing economic condition.

Customer Perceptions

Business organizations have realised the significance of being customer driven, in order to be efficient. Lynch (2003:163), state that the three approaches utilised are based on, “understanding the customer, the responsiveness of the organisation to customer needs, provision of real value for money by the organisation. The belief is that going beyond the functional business areas gives the business direct contact with the customer and at the same time enhancing its marketing strategy and growing sales.

5.2.2 Factors Limiting for Micro – Business Survival

There are challenges facing micro-business outlined in literature
• **Funding** has proven to have limitations for micro business, making it impossible to access finance as asserted by Gijima KZN (2008:05). Well-targeted investment into the SMME sector can assist in the overall improvement of the economic activity of the province and localities. However access to formal financial support for enterprises is not easy. This is because finance institutions set strict criteria for funding. Funding applications may fail because projects are regarded as high risk or because their proposals are not packaged to meet the requirements of finance institutions. This problem is aggravated by the lack of readily available information about financial options for this sector.

Gijima KZN (2008:05) alludes to the fact that; “…there is only limited grant finance available to support SMME’s or local economic development in general. Most grant finance available is targeted at assisting SMME’s with training, mentoring and marketing support. There are very few programmes aimed at assisting SMME’s with finance for equipment, assets or infrastructure and these are targeted at existing companies that require expansion. Other challenges include:

• Information about the various programmes offered is not readily available or accessible.

• There is often a lack of capacity within grant finance institutions to effectively disburse and manage funds allocated to SMME’s or local economic development.

• Funds available are directed mainly to communal ownership entities such as co-operatives, Trusts or Section 21 Companies.
Individual entities such as closed corporations or Pty Ltd companies do not qualify.

- The criteria and application process to access these funds often involve time-consuming and complex procedures that are not user-friendly to SMME’s and less resourced stakeholders.
- The timeframes to award successful applicants are often too lengthy.
- The complex procurement procedures that need to be followed are often against business principles, (Gijima KZN 2008).

**Business Regulatory Requirements**

Soni (2005:3) states that small business are challenged by the requirement to conform to regulations from the national, provincial and local government. There has been reassurance from various government executives that efforts to reduce the regulatory burden on the micro business are being taken. One such action has been to simplify the legal processes through giving guidance to entrepreneurs on how to go about meeting these legalities for trading purposes.

**Business Skills Mentorship Programme**

Nodada (2010:49), has argued that though there are government agencies whose sole reason for existing is to support the SMME’s in the areas of providing financial and business management skills. It has become evident in the findings conducted in an analysis of factors leading to SMME failure that there has not been a devised way allowing these programmes to reach the micro-business owners.
5.2.3 Conclusions Based on Literature

Based on literature, strategic factors contributing to micro-business survival and growth have the following effect:-

- enhance entrepreneurial capacity
- prepare the business for change
- give clarity of the business objectives and goals
- encourage operating within business capacity irrespective of challenges
- promote effective and efficient customer relations

Based on literature, strategic factors hindering micro-business survival and growth have the following effect:-

- Inability to grow and be financially independent
- Poor skills and lack of human resources for skills transference
- Business operations outside of the set trading regulations.
5.3 **Recommendations Based on Research Fieldwork**

5.3.1 **Objective One:** To determine whether micro business owners pay attention to six selected business management principles.

**Literature Review Findings:** Literature advocates usage of business management principles for all sectors and levels of business for survival and growth purposes.

**Research Fieldwork Findings:** In line with analysis in Chapter 4; Management principles employed by micro business vary depending on the business classification namely: home based, hawker, very small business, broker or other.

Home based traders have the advantage of storage space, thus not limited to stocking their durable products in bulk. The hawker and street vendor in durable products does not have the same benefits as storage space is limited and the little space allocated for each trader is rented space.

Credit granting is limited to select customers with whom trust has been established. There is some level of mutual reliance between the micro-trader and such customer.

Overlapping with objective three as advertising/business promotion strategy and also a management principle is the importance of keeping the area around the business clean. There is ownership of responsibility when it comes to the cleanness of the area of business and the creativity in the layout of products. 83.3%
respondents in Clermont, KwaSanti, KwaNdengezi and Nazareth upheld to a very high esteem the attractiveness of business surroundings and the impression this has to appeal to their customers (Table 4.10, Figure 4.10 and Descriptive Summary). Fruit sellers keep water buckets and water sprinklers to cool their fruit. Accessories vendors keep feather dusters to remove dust from their products. Meat sellers, vetkoek (magwinya), muffins cupcakes; keep their products in transparent sealed containers to appeal to the hygiene conscious customers.

Also embracing objective four hawkers respondents affirmed their co-operation with other neighbouring micro business to ensure that their trading products compliment one another rather than competing. Observed also in the layout patterns in the different areas, were alternate tables with different products attesting to the fact that there is some form of planning in existence.

There is an agreed pricing range for all hawker products monitored by all hawkers to protect price exploitation by new entrants, reference to this effect drawn in Chapter 4 the analysis of Table 4.17 and Figure 4.18.

**Conclusion:** Business management principles are numerous, but these six selected are applicable to micro business in Pinetown and are varied and limited to the level of business, the type of business and the area of trading. Safe to state strategies are applied as per entrepreneurial capacity and business operations.
**Recommendation:** Enhancing the business management capacity level through, business mentorship programmes will assist improve micro business operations and promote growth of the SMME’s in Pinetown.

**5.3.2 Objective Two:** Ascertaining relevant business promotion procedures applicable to micro business

**Literature Review Findings:** Marketing and or product promotion procedures that are highly advanced and technological based have positive returns for advanced businesses that are well resourced financially. Literature review has proven the opposite for micro businesses in each of the categories chosen for this research work, given the fact that there is practically no budget set aside for business promotion purposes. It is only the conventional word of mouth method that is applicable and other traditionally acceptable methods that catch the attention of the customer, and retain the customer, as discovered during the research fieldwork.

**Research Fieldwork Findings:** Only one question in the set of questions in the questionnaire is aimed at establishing forms of promotion prevalent for micro business had the most certain positive response reaching 87.5% respondents. Good service to customers is adhered to and relied upon by micro- business traders in Pinetown as the best advertising strategy.

There is no huge expensive signage in existence except for those traders with stands or kiosks where there is a Coca Cola, MNet,
Cell C or Vodacom OMO, Sunlight (UNILEVER) signage promoting more these entities in big bright letters and the name of the shop tiny and only readable at a close range.

In all areas Clermont, KwaSanti, KwaNdengezi and Nazareth also would not attest to any usage of loudhailer devices or PA systems to promote their business. Word of mouth, street walking and display of products by street vendors and hawkers who move around the taxi rank area is the commonly utilized product promotion strategy.

**Conclusion:** Business promotion strategy versus product promotion is not definitive in micro business, as the owner is the business entity and the business is the owner. Capacity to engage in advanced business promotion may not be a necessity given the conditions of business. Business growth in small business is thus incumbent on entrepreneurial business skills and consistency in relating to customers and providing best customer experience on a day to day basis.

**Recommendation:** For aspirant micro-business owners, provision of appropriate marketing strategy and the probable returns thereof, may encourage expansion, and a paradigm shift in perceptions about potential business growth. Investments by these large corporates (Vodacom, UNILEVER, MTN, Cell C) as part of their social responsibility in appropriate micro business promotions.

**5.3.3 Objective Three:** Determine whether such traders manage cash flow efficiently and keep it separate from their household cash flow
**Literature Review Findings:** According to authors in business, sound business skills also include a good understanding of the basic financial management. It has been proven that lack of good financial management cause business failure. Many independent enterprises with good products or services flounder because the debtor’s book and cash flow management aren’t as sound as they should be.

**Research Fieldwork Findings:** Cash flow management for micro business in Pinetown is prevalent but not regulated according to the acceptable financial management regulations set. However there is no real separation between the business cash flow and the personal cash flow. Any form of earnings on a day to day basis belong to the owner of the business and the owner has to service the daily personal needs of the owner. Lunch money, transport money and daily groceries of bread and milk are expenses catered for from daily earnings. Private takings are not limited to a percentage of daily takings but rather guided by the need.

Eminent from the research fieldwork was the existence collaborative savings in a form of a ‘stokvel’, this exists mostly for street vendors and hawkers and a small percentage of very small business where on a daily basis there is a collector who collects R100.00 which is put into a stokvel investment fund with regulations set for growing this fund. Only at the end of a certain period is this money divided between its members according to their contributions. Some have 3 months, 6 months and 12 months.
Though all sales are treated as cash sales, there is a level of trust built with regular customers treated as special or select customers. Evident in the issue of cash management was the fact that though no thorough records exist, but there is implicit form of cash flow management that exist.

**Conclusion:** Regulating cash management for micro business may require lots of training to shift traders from their adopted cash handling survival tactics tried and tested.

**Recommendation:** The truth is that any form of substantial growth as envisaged and hoped for by some aspirant micro business owners, require that financial management skills be acquired by micro business owners. Appropriate financial management skills should be made accessible to micro-business owners, with less stringent requirements if they would ultimately contribute to the country’s economy as postulated in the literature review on SMMEs background.

**5.3.4 Objective Four:** Establish if such traders engage in mutually beneficial ventures such as group buying

**Literature Review Findings:** Group buying is perceived in literature as the recent developing trend in micro business. In some countries it has become more popular as in China and America. It is preferred for its advantage of savings in the costs of products when buying in bulk, and for the discounts obtained when buying in bulk.
Research Fieldwork Findings: Respondents in all areas in Pinetown had personal preferences when it came to group buying as a strategy for reducing costs. Most used wholesale retail outlets for purchasing items for sale; are hawkers paradises with products already reduced for hawkers.

What became evident was the willingness to share transport costs, in Nazareth. One day in a week traders who buy from the same wholesale or retail outlet will send one trader with money for items to replenish and together contribute for the delivery of all the goods to the place of sale. Any form of collaboration is enhanced by possibility of getting discounts. Most respondents were not in favour of forming or joining a buying clubs or organisations.

Conclusion: Ease of access to hawkers wholesale merchants and produce/markets has resulted in the target responses being of the view that buying clubs/organizations are unlikely to be of any benefit to them. However in instances where discounts are available for bulk purchases those discounts may be a motivating factor for such traders to engage in group buying. Respondents seemed not to be familiar with the idea of having negotiations for discounted purchases.

Recommendation: Exposure to group buying advantages may increase interest to collaborate expenses and earn some savings in the micro business fraternity.
5.4 Future Research Suggestions

Suggestions for future research:-

- A study be conducted on product supply to small scale traders by wholesalers and other retail establishments, utilizing their cell phone connectivity.
- A demographic study should be conducted on informal settlements to determine what Micro-Business opportunities exist.
- Social Cohesion as a Means of Micro-Business Survival and Growth
- In-depth view into – incubators and co-operatives in the Pinetown area and their viability

5.5 Conclusion

This research has highlighted areas of concern regarding small and micro enterprises. Suitable recommendations have been made to address practical problems experienced by such traders. Some of these concerns are mainly the lack of sufficient entrepreneurial capacity, inaccessibility of financial resources, trading regulations and constraints and the lack of accessible mentorship programmes.

Findings from the research have also highlighted major survival strategies as per the study objectives as – corporate savings (stokvels), good customer relations, creativity, social cohesion, the desire to be economically independent, ability to be self-supportive and the responsibility to support dependants as the obvious motivation for the survival of micro-business in the Pinetown areas. Though this is a small scale study as it canvassed well in excess of 30 respondents, the results are such that the recommendations can be generalized to SMME traders.
and if carefully implemented and monitored they should reap rewards that will be of value to their enterprises.

In conclusion this research has highlighted areas which cause SMME entrepreneurs difficulty and success. If the recommendations made are implemented the plight of these traders will be eased and they could become more efficient traders, thus be more profitable. If that were to transpire SMME’s would employ more people and contribute more positively to the economy of South Africa, thereby enhancing job creation opportunities and alleviating poverty.
REFERENCES

ABSA Small Business Support , 2012  ABSA Enterprise Development Centre [online] Available at <www.absa.co.za> [Accessed 06.06.2012]


<table>
<thead>
<tr>
<th>Question</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicate how many years you have been in this type of business?</td>
<td>47</td>
<td>1.00</td>
<td>5.00</td>
<td>4.1277</td>
<td>1.34515</td>
</tr>
<tr>
<td>Do you classify yourself as a?</td>
<td>48</td>
<td>1.00</td>
<td>4.00</td>
<td>2.4583</td>
<td>.61742</td>
</tr>
<tr>
<td>How many people do you support out of your business?</td>
<td>47</td>
<td>1.00</td>
<td>5.00</td>
<td>2.8298</td>
<td>.89246</td>
</tr>
<tr>
<td>How many people do you employ?</td>
<td>47</td>
<td>1.00</td>
<td>4.00</td>
<td>1.6383</td>
<td>.73501</td>
</tr>
<tr>
<td>Regarding the next 18 months which of the following statements best describes your plans?</td>
<td>47</td>
<td>1.00</td>
<td>5.00</td>
<td>3.3191</td>
<td>1.16295</td>
</tr>
<tr>
<td>Would you close your business and take a job if you were assured of a salary of: (What is the lowest amount you would accept?)</td>
<td>42</td>
<td>1.00</td>
<td>5.00</td>
<td>3.1667</td>
<td>1.32364</td>
</tr>
</tbody>
</table>
I work with neighbouring micro-businesses to ensure that we compliment one another rather than compete in terms of product range.

Determining the mark-up price for profit making is easy.

I join forces with competitors to get better discounts.

I only buy "fast" lines so that my money is not locked into slow stock.

Almost all sales are cash sales.

DESCRIPTIVE SUMMARY
<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>My private takings from the business are strictly limited to a percentage of my daily takings</td>
<td>47</td>
<td>1.00</td>
<td>5.00</td>
<td>3.1489</td>
<td>1.38279</td>
</tr>
<tr>
<td>There is a separation between personal cash-flow and business cash-flow</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>3.3542</td>
<td>1.55042</td>
</tr>
<tr>
<td>I grant credit to retain select customers</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>3.0625</td>
<td>1.90639</td>
</tr>
<tr>
<td>I keep stock of perishable products low to minimize losses</td>
<td>42</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5000</td>
<td>1.36596</td>
</tr>
<tr>
<td>Durable products are brought in bulk, to get lower costs</td>
<td>43</td>
<td>3.00</td>
<td>5.00</td>
<td>4.6744</td>
<td>.60635</td>
</tr>
<tr>
<td>Keeping the area around my business clean, attracts customers</td>
<td>48</td>
<td>3.00</td>
<td>5.00</td>
<td>4.8125</td>
<td>.44513</td>
</tr>
<tr>
<td>Good service to my customers results in them being the best advertisers of my business</td>
<td>48</td>
<td>1.00</td>
<td>5.00</td>
<td>4.8125</td>
<td>.64102</td>
</tr>
<tr>
<td>I promote my business by having good signage around it</td>
<td>35</td>
<td>1.00</td>
<td>5.00</td>
<td>3.6286</td>
<td>1.69923</td>
</tr>
<tr>
<td>I use a loudhailer/PA system to promote my business</td>
<td>36</td>
<td>1.00</td>
<td>5.00</td>
<td>1.8889</td>
<td>1.34754</td>
</tr>
<tr>
<td>I have street walkers to promote my business</td>
<td>37</td>
<td>1.00</td>
<td>5.00</td>
<td>3.0541</td>
<td>1.77867</td>
</tr>
<tr>
<td>I share transport costs with competitors</td>
<td>47</td>
<td>1.00</td>
<td>5.00</td>
<td>2.8936</td>
<td>1.87934</td>
</tr>
<tr>
<td>I have &quot;signed up&quot; at a wholesaler/s to get better discounts</td>
<td>47</td>
<td>1.00</td>
<td>5.00</td>
<td>2.6596</td>
<td>1.69752</td>
</tr>
</tbody>
</table>

**Valid N (listwise)**

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