A STUDY INVESTIGATING THE EXTENT TO WHICH SMALL BUSINESSES IN MOOI RIVER EXHIBIT SYMPTOMS OF SMALL BUSINESS FAILURE

BY

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CONFIDENTIALITY CLAUSE

25 July 2003

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

Due to the sensitive nature and strategic importance of this research it would be appreciated if the contents remain confidential and not be circulated for a period of five years.

Sincerely

096203

J.Maharaj

DECLARATION

I declare that this research report is my own, unaided work, unless specifically indicated to the contrary in the text. It is being submitted in part fulfilment for the degree of Master of Business Administration at the Graduate School of Business, University of Natal, Durban. It has not been submitted before for any degree or examination in this or any other university.

_____

Jyothi Maharaj

This the_____day of_____2003.

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ABSTRACT

The objective of this study is to determine whether businesses in Mooi River are exhibiting symptoms of small business failure.

Based upon the literature addressing small business failures, three general internal factors are identified: finance, management, and marketing. Within each of these three problematic areas, numerous specific difficulties are identified and examined. The external reasons for small business failures that are outside the owners control have been identified as inflation, economic conditions and union problems. The economic structure within which a firm must exist acts as a cause of failure that originates outside the business itself and is not a result of acts of management. A company cannot change the environment; it must be able to use it to its benefit.

Due to time and cost limitations only 30 small businesses were surveyed using a systematic sampling method. The data was collected via a self-administered questionnaire, with closed ended questions. Data analysis was conducted using SPSS software and data analysed using frequency counts and statistical methods such as tests of significance and goodness of fit tests. From this study it can be concluded that the major symptoms of failure being demonstrated by the small businesses in Mooi River are external and marketing causes of failure. However, the small businesses are also demonstrating certain symptoms of money and management causes of failure.

Due to the high turnover of small businesses in South Africa it is recommended that this study be extended to other areas or regions in Kwa-Zulu Natal and in South Africa to determine the factors impacting adversely on small businesses, as small businesses are vital components to our economy.

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1. INTRODUCTION

1.1. Problem Statement

Small business development is looked upon as a strategy that can be used to create employment and generate income in South Africa. The promotion of small business development can therefore help alleviate poverty. "The potential for substantial employment creation in the small, medium and micro enterprise (SMME) sector is sometimes questioned, however, as is the sustainability of employment growth. It is acknowledged that the SMME sector is labour-intensive and thus has considerable potential for increased employment creation. New firms enter on a regular basis, but do not survive beyond a few years. If this is the case, then this sector's potential for creating sustainable employment growth may be limited" (Dockel and Ligthelm, 2002: http://www.sa businessreview.co.za/december2002/dockel.htm).

"Up to 80 percent of SMME's in South Africa fail every year. Research from the University of Port Elizabeth's business and statistics departments has shown that at the heart of this alarming state of affairs was the lack of managerial qualification among entrepreneurs-despite the fact that most are both owner and manager of their own business. Small businesses in South Africa absorb almost half of the people formally employed in the private sector and contribute about 37 percent to the country's gross domestic product. Crime and Aids are serious problems facing SMME's" (http://www.dispatch.co.za/2001/ 07/ 12/ southafrica/SMME.HTM).

The problem statement in this study can be stated as follows:

- *Are small businesses in Mooi River exhibiting symptoms of small business failure?*
- *What specific symptoms of failure are small businesses in Mooi River exhibiting?*

1.2. Background

While all businesses plan to be successful, not all of them accomplish their objective. Business failures have been with us as long as businesses have existed, and their end is not in sight. A failure may be in the form of a small retail storeowner closing his door because he cannot pay his rent or it may be a large corporation that is forced to liquidate because of continuously mounting losses. It is not easy to determine the exact cause or causes of financial difficulty in any individual case.

Gqubule (1995:7) vindicates that "like other third world countries in Africa, which neglected the agricultural, and small business sectors, the previous South African governments believed that big businesses would deliver the fruits of economic growth and development. That was the fashionable economic theory of the time. In South Africa, apartheid policies added to the neglect of the small, medium and micro-sized enterprise (SMME) sector by putting in place a host of legal and other obstacles which made it especially difficult for black people to open their own business. Today, the crucial role small businesses can play in stimulating economic growth and development is accepted here and throughout the world"

"Though South Africa had small business development initiatives for all of the three decades, they have never been much of a success. Over this period, numerous development agencies spent millions of Rands to finance, train and give advice about small business operations to those running them. Most of these have been dissolved. Their place was taken by a monstrous new structure that was established in terms of the provisions of the1996 Small Business Enabling Act. Even though this structure was amended repeatedly, it cannot lay claim to a single success" (Finance Week, 2000:28).

Gaskill and Van Auken (1993) concluded that there are a large number of factors that contribute to small business failures. While these common themes may be described as being independent, the factors related to failure should be accepted as being interrelated.

This study is conducted on small businesses in Mooi River. "Mooi River, established as a township in 1921, and proclaimed a municipality in 1959, is 160km from Durban and 498km from Johannesburg" (Borough of Mooi River, TLC). Mooi River was a recognised border area for industrial development and had one of the largest textile mills in South Africa established at the town by Mooi River Textiles Ltd. HIV/ Aids and poverty have become inseparable in Mooi River. The high unemployment and the town's location near the Mooi Plaza N3 tollgate make it vulnerable to the epidemic.

"According to a study by the University of Natal's Centre for Environment and Development in Pietermaritzburg, there were 353 confirmed Aids mortalities in 2000, and a greater number of "what are probably Aids-related" deaths. These include the 3045 tuberculosis deaths recorded during the same year. High levels of joblessness have also contributed to a rise in crime. Clive Foss, who runs Green Fields Manor House just outside Mooi River, says he spends more than R8 000 a month on security for his livestock. Mooi River has never been a prosperous town but a combination of economic and political factors in recent years has plunged the town into abject poverty. Primary among these was the partial closure of the town's biggest employer, Mooi River Textiles, in 1999" (Msomi, 2002:Sunday Times).

Since the 1950s, the town had depended heavily on Mooi River Textiles for survival, but strong competition resulting from the opening up of the South African market to cheaper foreign products, and the political violence that surrounded the Midlands in the late 1980s and early 1990s, conspired to turn the factory into an unprofitable business venture.

It was hoped that when the German textile tycoon Claas Dauns acquired the company in the 1990s, he would save it. But in 1999, following years of unprofitability, the company retrenched about 1 000 workers. The Mooi River Textiles crisis has had a devastating effect on the town. Not only was the factory a major contributor to the municipality's revenue, but also its partial closure has seen many smaller businesses in the town closing down. Jenvey (2002) describes that despite the efforts of Kwa-Zulu Natal economic development and tourism MEC, Mike Mabuyakhulu and Mooi River mayor Mncdise Mthethwa, Mooi River is neither a pretty town nor an attractive investment destination.

From the theoretical knowledge on small business failure, the purpose of this study is to ascertain whether small businesses in Mooi River are exhibiting symptoms of failure. Three internal problematic areas are recognized: money (finance), management, and marketing – the Three M's. In addition some external causes that are responsible for the inevitable end of the firm are considered.

1.3. Objectives

Based upon the literature addressing small business failures, four general areas are identified: **finance/money, management, marketing and external factors.** Within each of these four problematic areas, numerous specific symptoms are identified and examined. The objectives will be to identify factors, which contribute to failure and investigate which of these symptoms of failure are small businesses in Mooi River exhibiting.

The objectives in this study can be stated as follows:

- To determine if small businesses in Mooi River are demonstrating Managerial symptoms of business failure.
- To determine if small businesses in Mooi River are demonstrating Money/Financial symptoms of business failure.
- To determine if small businesses in Mooi River are demonstrating Marketing symptoms of business failure.
- To determine if small businesses in Mooi River are demonstrating external symptoms of business failure.
- To determine if small businesses in Mooi River are demonstrating other symptoms of failure.

1.4. Hypothesis

The Hypotheses in this study are as follows:

1. ***Small businesses in Mooi River are demonstrating Managerial symptoms of business failure.*** Listed below are the sub-hypotheses:

- **H_O (Null):** Most small businesses would respond to having their financial statements prepared by some family person.
- **H_O (Null):** Most small businesses would respond to not having the appropriate skilled employees in their businesses.
- **H_O (Null):** Most small businesses would respond to not having enough years of prior managerial experience (less than 1 year).
- **H_O (Null):** Most small businesses would respond to having spent less than 6 hours a day doing business activities.
- **H_O (Null):** Most small businesses would respond to having delegated tasks to just any family member.
- **H_O (Null):** Most small businesses would respond to having less than five employees.
- **H_O (Null):** Most small businesses would respond to not having adequate record-keeping systems.
- **H_O (Null):** Most small businesses would respond to having problems in receiving their inventory.
- **H_O (Null):** Most small businesses would respond to receipts and payments not occurring on time thereby creating cash flow problems.
- **H_O (Null):** Most small businesses would respond yes to having high absenteeism of staff.
- **H_O (Null):** Most small businesses would respond to having a company goal of survival.

2. Small businesses in Mooi River are demonstrating Money/Financial symptoms of business failure. Listed below are sub-hypotheses:

- **H_O (Null):** Most small businesses would respond that they prepare financials statements only as needed.
- **H_O (Null):** Most small businesses would respond that they prepare cash flow statements only as needed.
- **H_O (Null):** Most small businesses would respond they conduct income and expenditure analysis, only as needed.
- **H_O (Null):** Most small businesses would respond that they have debt levels greater than 30%.
- **H_O (Null):** Most small businesses would respond to growth rates being less than 2% or they did not know.
- **H_O (Null):** Most small businesses would respond yes to having made losses.
- **H_O (Null):** Most small businesses would respond no to having any tax knowledge.
- **H_O (Null):** Most small businesses would respond no to having adequate access to finance for business expansion.
- **H_O (Null):** Most small businesses would respond to revising their pricing of products or services only when needed.
- **H_O (Null):** Most small businesses would respond that they did not monitor their level of drawings.

3. ***Small businesses in Mooi River are demonstrating Marketing symptoms of business failure.*** Listed below are sub-hypotheses:

- **H_O (Null):** Most small businesses would respond to never advertising their products or services.
- **H_O (Null):** Most small businesses would respond yes to having strong competition in the market.
- **H_O (Null):** Most small businesses would respond yes to being affected by changing technology.
- **H_O (Null):** Most small businesses did not know who their target market is.
- **H_O (Null):** Most small businesses relied on one or two big customers.

4. ***Small businesses in Mooi River are demonstrating external symptoms of business failure.*** Listed below are sub-hypotheses:

- **H_O (Null):** Most small businesses would respond yes to inflation being greater than 9%.
- **H_O (Null):** Most small businesses would respond yes to not having insurance against natural disasters.
- **H_O (Null):** Most small businesses would respond yes, to interest rates on loans creating cash flow problems.
- **H_O (Null):** Most small businesses would respond yes, that their businesses are affected by economic change e.g. recession.
- **H_O (Null):** Most small businesses would respond to having union problems.
- **H_O (Null):** Most small businesses would respond yes to being affected by wage laws and the employment equity act.

5. ***Small businesses in Mooi River are demonstrating other symptoms of failure.***

- **H_O (Null):** Most small businesses are being affected by other factors adversely.

1.5. Benefits Of The Study

Small businesses in Mooi River will be able to react to their weaknesses and reduce chances of possible failure. Based upon the literature review addressing small business failures, four general problematic areas are identified: finance, management, marketing and external factors. The results of this study could prove to be useful to the small businesses in Mooi River that are displaying symptoms of failure.

1.6. Limitations

This study is restricted to Mooi River, and therefore the results cannot be generalized to the whole of South Africa. The results are by no means a prescription for success.

1.7. Research Context

This study is concentrated within the framework of Mooi River. Symptoms of internal factors and, to a certain extent, the external factors affecting small business failure are investigated. This study is based on the visible small businesses operating in the Town of Mooi River. The following broad categories that affect failure will be investigated: Three M's of Failure (Money, Management and Marketing) and external factors.

1.8. Structure

Chapter One: Introduction

This chapter is an introduction to the topic and the objectives and the entire approach to the study.

Chapter Two: Literature Review

Chapter two covers an extensive review into the definitions of small businesses and small business failure. The factors affecting small business failure are reviewed under the following:

Internal Causes: The Three M's (Money, Management, Marketing)

External Causes: The economic factors.

Chapter Three: Research Methodology

This chapter covers the aspects of the population that will be surveyed and the type and method of data collection. The population at hand is the small businesses operating in the Town of Mooi River. A sample of 30 small businesses will be surveyed with a self-administered questionnaire.

Chapter Four: Results and Discussion

Chapter four presents the analysis and results of data in the form of tables, graphs, frequency counts and Chi-square (goodness of fit) tests and sign tests.

Chapter Five: Conclusion and Recommendations

This final chapter contains a discussion and the conclusions of the research results and recommendations for future research areas on the topic.

2. LITERATURE REVIEW

2.1. Definition of Small Business

A small business is an independent, profit-oriented economic unit which generally manifests unique characteristics namely: independent ownership and management, simple organisational structure, relatively small influence on the market, and whose ownership can be identified with the persons who act as entrepreneurs, part suppliers of capital, effective decision makers, management of the business, those who share in the profits. The Australian Bureau of Statistics defined a small business as "those businesses that have less than 20 persons; this is across all industries" (http://www.businessaccess.vic.gov.au/web/sbv/sbvite.nsf/pages/info_sheets_stats). According to Theobald (2000) smaller businesses are defined as follows in Table 1:

Size or Class	Employees	Annual Turnover
Micro	1-2	Less than R100, 000
Very Small	2-5	Less than R500, 000
Small	5-20	R500, 000 to R24 m
Medium	20-200	R24 m to R60m

Table 1: How government defines smaller businesses. Source: Banking Council, Financial Mail, 2000:50.

According to National Small Business Act, Act 102 of 1996, the definition of a SMME (small, medium, or micro-enterprise) in a retail sector is defined as follows in Table 2: (Summarized From Appendix 2)

Size or Class	Total Full-Time equivalent of paid employees LESS THAN	Total Annual Turnover LESS THAN	Total Gross asset value (fixed property excluded) LESS THAN
Medium	100	R30.00 m	R5.00 m
Small	50	R15.00 m	R2.5 m
Very Small	10	R3.00 m	R0.50 m
Micro	5	R0.15 m	R0.10 m

Table 2: Defining SMME's according employment, turnover and gross asset value.

2.2. Different Perspectives on Defining Small Business Failure

"There are many different meanings that are attributed to the word "failure" as it applies to a small business. To the economist, this would be a business, earning "a rate of return on investment which is less than the firms opportunity cost. A proxy for the number of failures in this sense is the rate of business turnover, since turnover suggests the shifting of resources to more profitable opportunities, although there are many firms which are failures yet are not discontinued, and others which are discontinued, but are in no sense failures" (Fredland and Morris, 1976: 7). This is not a useful approach for most purposes because we know that many proprietors trade off reduced profits for better extrasensory satisfaction from the business, and in any case data is not available to make the necessary calculations.

Another popular perception of business failure is the discontinuance of operations, which includes those firms, which ceased operations with direct loss to owners and/or to creditors. This group is of unknown size. The definition by Dun and Bradstreet Inc., are "those businesses that cease operations following assignment or bankruptcy; ceased with loss to creditors after such actions as execution, foreclosure, or attachment, voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganisation or arrangement, or voluntarily compromised with creditors."

"Some conclude that failure only occurs when a firm files for some form of bankruptcy. There are numerous forms of organizational failure, including bankruptcy, merger, or acquisition. Still the argument that failure occurs if the firm fails to meet its responsibilities to the stakeholders of the organization, including employees, suppliers, the community as a whole, and customers, as well as the owners" (Watson and Everett, 1996:45).

Watson and Everett (1996:45) assert that "because there are no formal reporting requirements for the majority of small businesses, it is difficult, if not impossible, to obtain sufficient reliable information to measure their performance in an economic sense, that is, to measure the rate of return on capital. Most studies have, therefore, relied on some recorded event as a surrogate measure of failure. The two events for

which data has been most readily available are the discontinuance of a business for any reason and formal bankruptcy proceedings."

"The easiest meaning to understand and to measure is legal failure, where a small company is formally liquidated or in the case of an unincorporated enterprise the owner becomes bankrupt for business reasons. An alternative approach is to relate failure to the exit rate of owners or firms from the small business sector. Such discontinuances may include loss cutting procedures (to dispose of a business to avoid further losses), or because of a financial "failure to make a go of it" (Cochran, 1981: 50) which would include, but not be limited to, legal failures" (Peacock, 2000, http://sbeducation.info/downloads/sbfail.pdf).

Cochran (1981: 50) contends that, "failure should mean inability to 'make a go of it,' whether losses entail one's own capital or someone else's, or indeed, any capital." Many writers also refer to this definition, but the lack of suitable data has presumably limited its use.

2.3. What are the chances of success in small businesses?

Dowling (1995) reveals that many entrepreneurial operations in United States do not last more than five years and there are 1,000,000 small business closures annually. Most of the failures involve an almost total loss of investment.

Gaskill and Van Auken (1993:14-18) reported that, "of their sample of discontinued businesses, 71.4 per cent were discontinued to avoid losses, to pay off creditors, or because they failed to make a profitable go of the business. The remaining 28.6 per cent were discontinued for personal reasons (for example, death, poor health, retirement, or selling the business to make a profit)."

Monk (2000:12) asserts "if you are an entrepreneur and started a small business, the chances are you won't make it past the five-year mark. The statistics show that on *Small to Medium-sized Enterprises (SMEs)*, sixty-eight per cent of those with less than five employees and forty eight percent of those between five and ninety-nine employees fail within five years of start-up." In Canada the *Small to Medium-sized Enterprises* sector employs millions of Canadians and contributes significantly to the

Canadian economy. Indeed, a reduction in the failure rate of small businesses would lead to tremendous economic benefits.

In Canada "there are approximately 1 million *Small to Medium-sized Enterprises* currently in business, employing between 1 and 500 people. If more than 500,000 of these are statistically destined to fail, just imagine the impact of saving a reasonable percentage of them. Consider also the impact if a larger percentage of *Small to Medium-sized Enterprises* were not only able to survive, but grow to be competitive players in the global marketplace. There are many reasons for the failure rate of start-up businesses, including lack of adequate working capital, poor market selection, and rapidly changing external market conditions. However, the most significant reason for this high failure rate is the inability of *Small to Medium-sized Enterprises* to make adequate use of essential business and management practices. Many small firms fail to develop an initial plan, and those that do establish a plan fail to continually adjust and use it as a benchmarking tool" (Monk, 2000: 12).

2.4. Reasons For Small Business Failures

This section will consider reasons for small business failures. According to Gaskill and Van Auken (1993: 14-18) the "results of previous studies have suggested that a large number of factors contribute to small firm failure. However, the quantity and variety of factors identified in the small business failure literature results in fragmented findings. This study is designed to present a more comprehensive analysis of small business failure by consolidating many of the previous research findings into a singular study that addresses operational aspects of the business, which may be contributing to business performance. Although the previous studies do not provide a comprehensive or unified explanation for small firm failure, several common themes are evident. While these common themes may be described as being independent, the factors found to be related to failure should be recognized as being interrelated. For example, poor management skills may result in poor financial and asset allocation decisions, which may lead to financial distress and failure."

"The Major causes of business bankruptcies in 1998 –99 in Australia are as follows:

- 9.7 % Lack of capital
- 6.8 % Excessive interest
- 11.2% Miscellaneous
- 45.4% Other or not stated
- 14.7 % Economic conditions
- 12.2 % Lack of business ability

Business bankruptcies do not cover the entire range of business failures as such failures result in the forced sale or closure of a business" (http://www.businessaccess. vic.gov au/web/sbv/sbvite.nsf/pages/info_sheets_stats).

Douglass (http://www.halesdouglass.com.au/solution/small_bus.htm) described the most common reasons for small business failure in a survey conducted in Australia as follows:

- 32.1% Poor management of financial activities
- 14.6% Lack of management competence or experience
- 12.4% Inflation and economic conditions
- 12.3% Poor books and records
- 10.7% Sales Marketing Problems
- 9 % Staffing problems
- 6.2% Union problems
- 2.7% Failure to use external advice

The external reasons for small business failure that are outside the owner's control is about 18.6% i.e. inflation and economic conditions at 12.4% and union problems at 6.2%. Every other factor is internal. "The statistics show that 81.4% of the time when businesses fail, the owners really could have done something differently to stop that from happening" (Douglass, http://www.Halesdouglass.com.au/solution/small_bus_ htm).

Dun and Bradstreet Corp (1993), which keeps a record of business failures and analyses them; to determine the specific causes, reports that the basic factors remain the same. Specific causes of failure are as follows:

- Neglect
- Business
- Family problems
- Lack of commitment
- Poor work habits
- Disaster
- Fraud
- Economic factor
- High interest rates
- Inadequate sales
- Industry weakness

- Insufficient profits
- Inventory difficulties
- Not competitive
- Poor growth prospects
- Poor location
- Lack of experience
- Lack of business knowledge
- Lack of line experience
- Lack of managerial experience
- Poor financial practices
- Burdensome institutional debt
- Heavy operating expenses
- Insufficient capital
- Lack of strategy
- Excessive fixed assets
- Over expansion
- Receivables difficulties

"Year after year, the major reason businesses fail is *incompetence*. The owners simply do not know how to run the business. They make major mistakes that an experienced, well-trained entrepreneur would quickly see and easily sidestep" (Hodgets and Kuratko, 1989: 21).

The second most common reason businesses fail is *unbalanced experience*. Owners do not have well-formed experience in the essential activities of the business, such as finance, purchasing, selling and production. Due to lack of experience in one or more of these critical areas, the enterprise gradually fails.

A third common cause of business failure is *lack of managerial experience*. The owners simply do not know how to deal with and manage people.

A fourth common reason is *lack of experience* in the line. Other common causes of business failure include *neglect, fraud* and *disaster*. *Neglect* occurs whenever an owner does not pay adequate attention to the enterprise. The owner who has someone

else to manage the business while he or she goes fishing often finds the business failing because of neglect. *Fraud* involves intentional misrepresentation or deception. *Disaster* refers to some unforeseen happening or "act of God."

"When speaking to people whose businesses have failed, it is not unusual to hear them blame everything and everybody but themselves. Some might even say that they don't know why they failed and indeed there might be some honesty in that where the proprietor's inexperience in basic business skills was the prime cause of the failure" (http://www.lia.ie/seminar).

"Most business failures stem directly or indirectly from poor management. This is apparent where the proprietor is the only driving force for all activities. His/her inexperience can sow the early seeds of failure. The gaining of experience has an inherent time element and the small business owner is always short on time. Small Businesses should realise that businesses, like people, go through stages of growing up, each stage with different problems. Knowing where you are in the life cycle will help enormously. Remember that your business will not stand still; it will either go backwards or forward" (http://www.lia.ie/seminar).

Listed in Table 3 below are the stages and problems that could affect your business:

STAGES	PROBLEMS
1 to 3 years	One Man Operation Under Capitalized Lack of Reserves Inexperience Trying to cope with everything Establishing a place in the market
3 to 5 years	Employees Delegation Rising overhead costs Overtrading Crisis Management
5years	Financing expansion Maintaining competitiveness Controlling business indecision on future path

Table 3: Showing the Effect of Age of the business and the problems expected.

Source: (http://www.lia.ie/seminar).

2.5. Internal Causes of Failure

The following section deals with the internal causes of small business failure.

2.5.1. The Three M's Of Small Business Failure

The U.S. Small Business Administration has conducted broad post-mortem research to record the causes of small business failure. At first glance, the resulting list by Dun and Bradstreet Inc. would appear to be quite lengthy. However, the majority of these causes can be condensed into what Clark (1997) calls the 'Three M's of business failure'. By giving proper attention to these Three M's and their associated downfalls, you can improve your own company's odds for success. The Three M's are comprised of Money, Management and Marketing.

Hodgets and Kuratko (1989:21-31) describe eighteen management traps related to small business failure. These traps were related to three major areas:

1. Poor financial planning – *Money related*
2. Poor co-ordination between manufacturing and selling – *Management and Market related*
3. Poor general administration – *Management related*

These eighteen traps will be discussed in further detail under the various M's.

2.5.1.1. The Impact of Money / Finance on Small Business Failure

It takes a long time for a start-up company to break-even because unanticipated contingencies always develop. In the mean time, you still need to maintain and support your family. Before you launch your business, set aside a reserve that will allow your family to survive for at least three times longer than the time period you are projecting to achieve break-even with the business. As hard as it is to raise small-business capital, it is always easiest the first time around. If you raise inadequate capital and only accomplish small successes by the time your money runs out, investors probably won't be interested in throwing good money after bad.

"Business is a hard competitive struggle. In 1980, for example, 42 out of every ten thousand firms listed in the Dun and Bradstreet Reference Book closed their doors. This figure included only those closures that resulted in loss to creditors following such actions as assignment of bankruptcy, foreclosure or attachment, and court approved debt settlements initiated by the debtors" (Gwangwa, 1987: 9). Stan Paulo (1990: 18), lecturer at University of Natal, says that changes in a firm's credit policy has a ripple effect through the firm, as a decision to deny credit to slow paying customers would likely reduce total sales and production volume, thus changing the level and timing of cash flows in these areas.

One internal cause of failure is the tendency for businesses to overextend credit and subsequently become unable to collect from their debtors in time to pay their own liabilities. Manufacturers overextend credit to distributors so that they may increase their sales. Distributors, to be able to make payments to their manufacturers, must then overextend credit to their customers. These buyers must in turn continuously keep bidding lower and lower to be able to keep their equipment busy and meet their commitments. In this manner a chain of credit is developed, and if one link defaults there is trouble all the way down the line. The failure to establish adequate credit margins thus may result in a business crisis.

Festervand and Forrest, 1991 exclaim that, finance related areas appear to be the number one cause of small business failure with three specific sub-problems frequently contributing to small business failure and that an estimated 80% of all new business fails due to *under capitalization*. The inability to secure sufficient *long term financing* and/or the *high cost* of such finances must be regarded as a serious problem. Furthermore, Festervand and Forrest (1991) state that small firms typically require more frequent *refinancing* and are more *highly leveraged*, thus exacerbating the problem.

Certain small businesses that fail have excessive debt; as a result, the management of debt is a time consuming and expensive task. Cash flow problems also proliferate from the above. Since cash flow represents the lifeblood of the business, prolonged inadequacy of such flow, lowers a firm's performance and/or leads to its demise. The inability to control costs contributes to small business failure. Excessive spending

unavoidably leads to financial problems, especially during periods of high inflation. Contributing to the cost control problem is management's monetary irresponsibility. Festervand and Forrest (1991) highlight that management either does not exercise prudent control or ignores fiscal reality. The optimal strategy to follow in this situation may be simply to spend smarter.

According to Snyder (2001:4), "businesses fail for a number of reasons but one of the leading causes is under capitalization. The economic boom of the past decade has encouraged all kinds of people to open businesses, believing that success is guaranteed if they have enough money to get the operation off the ground. Unfortunately for them, it often takes a long time for a business to turn a profit, and if the entrepreneur doesn't have enough cash reserves to get through the initial lean times, the business folds up."

The following management traps that impact on failure in terms of **Money** are as follows:

1. **Cumulative losses**, in most cases these losses consisted of insignificant financial leaks. The management is unaware of little problems, which could lead to large losses. The owners can detect most of these leaks, if they have a suitable reporting system. Reports are either too cumbersome for analysis or take too long to get to managers for timely action.

2. **Lack of tax knowledge,** this is were the managers overlooked tax benefits in their financial planning e.g. failure to take depreciation on plant and equipment into account, other taxes such as unemployment etc. Liability of V.A.T., P.A.Y.E., Corporation Tax and Income Tax can account for a major part of your turnover and not taking them into account could be very detrimental.

3. **Inadequate cost analysis**; this is where the firms do not have adequate cost analysis for control purposes. "In some instances operating reports were skimpy, while in others they were overly detailed. The former fails to provide the firms with sufficient information, while the latter makes such analyses

difficult. As a result, companies did not have a clear-cut basis for controlling operations" (Hodgets and Kuratko 1989: 29).

In addition, other factors that pertain to money are identified as:

- **Lack Of Capital.** Most new companies are under capitalized, if this is how your business started off it is very difficult to correct it.

- **Cash Flow Problems.** "Cash is the lifeblood of your business. No cash – no business – it's that simple. Cash is the most important asset of any business. Many people concentrate on making profits, but your profits are not much use if tied up in Debtors, work in progress, or equipment. Many profitable businesses go under, due to bad cash control and not because of inadequate profits" (http://www.lia.ie/seminar).

- **Overtrading.** "This occurs when a business expands faster than its capital base. Turnover increase, working capital requirement increase, bank loans rise, interest payments grow and the company's cash reserves or profits do not increase at the same rate. Eventually it cannot meet its commitments" (http:// www.lia.ie/seminar).

- "Dependable, predictable growth is vastly better to spurts and jumps in volume. It's hard to believe that too much trade can destroy your business. Going after all the business you can get; drains your cash and actually reduces overall profitability. You may incur major up-front costs to finance large inventories to meet new customer demand. Don't leverage yourself so far that if the market stumbles, you'll be unable to pay back your loans. When you go for it all, you usually become less selective about customers and products, both of which drain profits from the company" (http://www.onlinewbc. gov/docs/starting/failure.html).

  You should never take on a contract of such size that if anything goes wrong during your contract – your entire business is mortally wounded. You have

beaten all your competitors at last, but more than likely you have beaten yourself and your business.

- **Excessive Personal Drawings.** The proprietor and his family living beyond their means have ruined many a successful small business. "Personal drawings should certainly not exceed profits under any circumstances and the prudent businessman should ensure that sufficient profits are retained in the business for future developments. You may claim that your business " owes" you a living and perhaps it does- but the quality of that "Living" depends entirely on your ability to generate profits, and bears not relationship to the standard of living you want" (http://www.lia.ie/seminar).

- **Cost and Pricing,** whilst these are in the one sense quite different subjects they are inevitably linked by the end profit result. It is disappointing to relate that a large number of businesses simply do not know the actual cost of producing their product and service. The likelihood is that they are under-priced. Knowing what price to set and when to change this price requires a combination of judgment, intuition and skill. A lot of your success in business will depend on how you price products or services. "If your prices are too low you will not cover expenses, if your process are too high you will lose sales volume. In both cases you will not make a profit. Given the importance of costing and pricing, it is surprising how unorganized and haphazard these tasks are carried out in many firms" (http://www.lia.ie/seminar).

2.5.1.2. The Impact of Management on Small Business Failure

"The vast majority of aspiring entrepreneurs fill their management ranks with friends. This is not only the surest way to break up a friendship; it is also the most predictable way to enhance failure. Never hire acquaintances to join your management team unless (1) they have management experience appropriate to the field of your business, and (2) they are willing to openly disagree with you. Otherwise, you are destined to have average business success at best. Even with a superior product, you'll never have a chance against the experienced major league teams unless you have management depth from the start" (Clark, 1997, http://bizjournals.com).

Scarborough and Zimmerer (1996: 30) investigated "a family owned business that includes two or more members of a family with financial control of the company. Family businesses are an integral part of our economy. Of the 21 million businesses in U.S. 90 percent are family owned and managed. These companies employ more than 50 million people and generate 55 percent of the U.S. GNP. Not all of them are small; one third of the Fortune 500 companies are family businesses. Despite their magnitude family businesses face a major threat, a threat from within: management succession. Only 30 percent of family business survive to the second generation, and just 10 percent make it to the third generation."

Simpson (2002:4) cited two reasons why businesses fail due to management issues:

- Business owners typically understand only one or several elements of the business.
- The owner's lack administrative skills and time to do all that is needed in the office part of the business.

Business owners usually understand only one or several elements of the business. For instance they might make great products, but record keeping and marketing is unknown to them. Being in business should be a constant learning process and if help is needed in some areas, it should be sought before a disaster occurs and not after. *The owner's lack administrative skills and time to do all that is needed in the office part of the business.* Good record keeping could mean the difference on getting a loan for cash flow or expansion, or paying your taxes on time and correctly. You should know at any time how much inventory you have, who owes you what and how much you owe.

The following management traps that impact on failure in terms of Management are as follows:

1. **Inadequate records**, this is where firms demonstrate no systems of record keeping e.g. the firm fails to keep expense and revenue records, where the firm has no basis of estimating its costs and taking corrective measures. Other examples are as follows: the partners had no idea where they were in terms of finances; they were unable to reconstruct even the simplest form of income

statements from the records they have; office papers may consist of piles of unsorted papers.

2. **Expansion beyond resources**, this is where firms grew rapidly and their bookkeeping systems were not designed to handle dramatic growth. Management simply tried to save money on its bookkeeping system by taking shortcuts- with disastrous effects. "A common problem faced by successful companies is growing beyond management resources or skills. As the company grows, you may surpass certain individuals' ability to manage and plan. If a change becomes necessary, don't lower your standards just to fill vacant positions or to accommodate someone within your organisation. Decide on the skills necessary for the position and insist the individual has them" (http://www.onlinewbc.gov/docs/starting/failure.html).

3. **Continued policies of bankrupt predecessor,** Firms need to continuously revise and adapt to changing conditions. "The only thing constant in life is change".

4. **Legal problems,** It is best to know when to seek assistance from outside professionals. Doing everything in-house could lead to problems and could be very costly in the future. Professionals best deal with certain issues.

5. **Nepotism,** Favouritism towards friends or family could eventually lead to failure. Some members could be receiving very high remuneration but contributing very little. In other instances meddling in important business matters by these members could also prove costly.

6. **Lack of administrative co-ordination,** Companies must be able to coordinate manufacturing and selling activities. Accurate and up-to-date records need to be kept, and continuously analysed and assessed. Further, poor communication of company policies and failure to pay attention to administrative problems results in poor overall coordination and inefficient operation.

7. **One-person management,** Where one person has built up a business and due to ill health sells of the business. The company thereafter fails. It is important to note that the reason why the company was previously a success is because of that one person's technical genius.

8. **Lack of technical competence,** Lack of technical knowledge and expertise could also lead to failure. It is very important to know that certain companies are successful because they know what they are doing and they are good at doing that.

9. **Absentee management,** When key individuals are not at work operations gradually deteriorate, ultimately leading to failure. It is vital to have a good absentee management system in place and leave allowed should tie in with the needs of the business, but also complying with the minimum legal requirements.

10. **Internal conflict,** Conflict between management or owners of business could lead to failure. It is also not good for the business image. "Management and owners need to let go of control to a certain extent and concentrate on the most important problems or issues facing your company. Give people responsibility and authority" (http://www.onlinewbc.gov/docs/starting/failure.html).

According to Festervand and Forrest (1991) managerial problems rank as the second leading cause of small business failure. Three specific managerial concerns described below appear to contribute heavily to small business failure. Opening a small business requires the desire to be in business and ability to possess a given amount of practical skills. Unfortunately, many new owners seem to disregard the value of business knowledge and/or experience. Without prior experience, training or education, the new owner is normally unprepared to manage a business.

Planning is critical for the small business to assure a profitable operation. The absence of planning may leave a business operating on a day-today basis, reducing its ability to utilize resources. Long range planning should allow the firm to predict and prepare for the future better. However, unclear, insufficient or nonexistent long range

planning on the part of most small businesses is usually the rule rather than the exception.

"Some of the common causes of planning failure are: no plan at all, halfway commitment, overdone, over engineered, overly complex, ambitious, rigid, or precise plans" (http://www.freebizplan.org). These planning failures are discussed in further detail below:

1. **No plan** simply means either no awareness of or just no consideration of the planning process. It may also mean the lack of a key component of the plan.

2. **Only partial commitment** to the plan. Plans are created investing time, money and other resources. If what follows is poor commitment, then the plan is bound to fail no matter how good the plan is.

3. **The over engineering** or overly complex program is possibly the most costly error of all. American managers have the habit of moving from one extreme to the other: either no planning is done or too much is done. The plan becomes so complex that no one understands the plan .It becomes too big, too expensive and more trouble than it's worth. Managers become disillusioned then look for someone to blame.

4. Often a mistaken belief creeps in, that a **highly developed mechanical** method is somehow so brilliant that it will operate by itself.

5. **Overly ambitious, unrealistic goals** often suffer the tragedy of excessive expectations.

6. Plans that are **too rigid** almost always fail. Plans should be short, simple, understandable, and practical. They should allow for management to speed up or slow down. Use the plan simply as a tool and guide; be prepared to change it whenever the situation demands.

7. Another frequent error is **expecting** all parts of the program **to work out** exactly **as anticipated**.

According to Festervand and Forrest (1991) the keys to small business success are the development of managerial expertise and adherence to a master plan. They go on to say that firms that lacked goals and clearly defined policies and objectives tended to be unprofitable, whereas successful firms tended to possess such direction. Further, Festervand and Forrest (1991) assert that it is critical for a small business to prepare and adhere to a comprehensive business plan consisting of financial, managerial, and marketing components. Unfortunately, many owners and managers are not willing or do not have the time and/or expertise to create such a tool, even though support in preparing planning instruments is usually available at little or no cost.

Festervand and Forrest (1991) discuss the importance of growth planning and human resources management as well. The planning of growth tends to be another problematic area. Unplanned growth can transform a successful operation into a failure. By not having properly considered and planned for expansion, an organization is caught ill equipped (financially and managerially), often leaving the firm with a critically tight cash flow.

Management problems of human resources contribute to small business failures. A lack of skilled employees often leaves a firm ill prepared to deal with business demands. Apparently small business managers perceive staff costs as being prohibitive, even though the benefits compensate the cost of implementing a human resource program.

Snyder (2001: 4) demonstrates "that some businesses fail because they simply don't offer a quality product. A coffee shop opened a few years ago in the Campbell/Grant area in Arizona. After about a week of tending shop, the owners disappeared and left the store in the hands of some disinterested employees who could best be called slackers. It may have seemed cost-efficient to pay a few teenagers minimum wage instead of hiring a competent manager to run the place, but the savings weren't enough to overcome the damage done by these poorly trained workers." Therefore,

recruiting, hiring, and retaining competent personnel are essential for small business success.

2.5.1.3. The Impact of Marketing on Small Business Failure

"This involves far more than just knowing your market and what motivates it. Most businesses focus on the marketing "Push," but few ever focus on the "Pull," which is one of the secrets to success. This activity puts product in their inventory or on their shelves, and is known as the Push because you are pushing products through your pipeline and realizing sales at your end. If this is all you do, you are destined for failure, because if customers don't ask for your product at the other end, the pipeline will become clogged, and you will see no more orders" (Clark, 1997, http://biz journals.com).

This cause of failure occurs for many businesses that recognize early profits (from those orders that initially fill the pipeline) and then they struggle. The key is to focus on the Pull; it is your responsibility (not that of your dealer) to make prospective customers aware of what your product or service will do for them. In this manner they will pull your product or service out of the other end of the pipeline, and orders will continue to flow smoothly.

Bibeault (1982) contends that the economic structure within which a firm must exist acts as a cause of failure that originates outside the business itself and is not a result of acts of management. Management instead must accept the changes that occur in our economic system and attempt to adjust the firm's operations to meet these changes. Frequently given, as a cause of failure is intensity of competition, however, an efficient management is a tough enemy for any competitor. Some new businesses do fail because of a lack of adequate ability, resources, and opportunity to meet successfully the existing competition.

Thus the limits within which a business must function prove to be an important determinant of its success. The challenge to management is to meet and adapt to changing conditions. Internal causes of failure are those that could have been prevented by some action within the business. These often result from an incorrect past decision or failure of management to take action when needed.

Marketing related problems also pose a serious risk to the small business. While not as striking as financial problems, failure to address marketing issues will lead to business problems or failure.

Festervand and Forrest (1991) identified three specific areas of difficulty. The *product line offered* should occupy a position of vital importance. However, this often is not the case. The failure to develop and offer an attractive product line is a prime problem facing the small firm. A business may be started without sufficient thought given to product line consistency. This creates demand problems for the product and related services as well. Another problem is the failure to review product performance and mix periodically.

Few organizations operate in a *competitive vacuum*. Therefore, failure to consider and/or plan a new firm's competitive position may result in big problems. Management often fails to recognize with whom it is competing or simply precedes on the assumption that it has no competition, or competitiveness is less intense than actually exists.

The importance of *competitive strategy* cannot be overstated. The small business owner is advised to conduct a competitive audit, frequently, if not perpetually, to determine consumer perceptions of his/her business and competition. Product and competition problems may result from insufficient market information. Because many small business owners often stake their future on their business success, market information is crucial. Indeed, market information may be more vital to the small firm because of its smaller resource base.

In a study conducted in Arizona, Snyder (2001: 4) says "one of the toughest industries to thrive in is the restaurant business, yet little restaurants are popping up all the time, often closing before they have a chance to build a clientele. Many offer high-quality food and good service, but they fail to invest enough in advertising, and they disappear before most of their potential clientele realize they exist. These businesses fail because they underestimate the difficulties they will face in a highly competitive market. Tucson is saturated with chain restaurants, all of which are efficient, market-tested operations that enjoy economies of scale. Small restaurants can find a niche in such an environment, but not without solid market research and the money to build

and advertise a quality establishment. 'Build it and they will come' is not an adequate business plan."

Lack of knowledge of how to market the service or product and owners not knowing their target market, are reasons for small business failure cited by Simpson (2002:20). You can have the best product or service in the world, but if you don't know how to reach your target market you will not succeed. Not only is the marketing important but also tracking of the various mediums you use is equally important.

Simpson (2002:20), says she love's asking new business owners who their customer will be. Inevitably, a few will say everyone. Impossible! No one buys everything. For instance: I have three cats and no reason to buy dog food. People have different lifestyles, hobbies, problems and wants. Your goal as a business owner is to find solutions for your prospective and existing customer's problems. Put their shoes and see where they go, whom they socialize with, what they read, watch or see. You cannot advertise suitably if you don't know who needs to see the advertisement.

Another reason for business failure is *owners are blind to new opportunities*. "They remind me of people who walk looking down at the path in front of them but never side to side. The owners make plans, maybe even write a business plan and they won't or refuse to deviate from it. We need to take lessons from some of the big boys such as Tandy, which started out making shoes, a leather product. Then they added purse kits, wallets, and many other leather products as they identified new customer needs. Then the leather company funded nine Radio Shack stores and they added computers" (Simpson, 2002:20).

The following management traps popularised by Hodgets and Kuratko (1989) that impact on failure in terms of Marketing are as follows:

1. **Lack of product development**, this is where there is a tendency to retain outmoded or obsolete product lines. Change to a more up-to-date product happens after everyone else has done so, thus the companies chase the market as opposed to leading it. Over time, customers tend to switch their patronage

to the 'leaders', hence causing the 'chasers' to lose their niche market, thereby losing sales, which eventually could lead to bankruptcy.

2. **Lack of product diversification,** It is always good to be able to diversify your products offered to the market. As some product lines begin to lose market appeal firms must be able to offer substitutes, thereby maintaining revenue. It is dangerous to assume that what you have done in the past will work now and in the future. Do you still do things the same way despite new market demands and changing times? What is your competition doing differently? What new technology is available? Will you be open to new ideas and experiment?" (http://www.onlinewbc.gov/docs/starting/failure .html)

3. **Lack of information about customers,** Unsuccessful firms lack information about their customers. Bad payers need to be identified early so that action can be taken, thereby reducing the chances of not being able to be paid in full and in time. "Who are your customers? You should be able to clearly identify them. How are you going to reach them? Little or no market research is a contributing factor to sales not being achieved to plan and indeed in many small businesses there is not even a plan. Marketing is a skill that few small business proprietors are trained in – and of which some lack a proper understanding" (http://www.onlinewbc. gov/docs/starting/failure.html).

4. **Failure to diversify market,** It is dangerous to sell to just one or a few customers only. One needs to have more than just a handful of customers, so that if a customer chooses not to support you any more, you know that you don't have to close your business because of that. "This is the over reliance on one or two large customers. If they go – you go" (http://www.onlinewbc. gov/docs/starting/failure.html).

5. **Lack of marketing research,** Changes in market conditions could leave the firm in a very poor position if it is uninformed of what is going on in the markets. Further, it is always wise to get a grasp as to what the market needs and wants in order to capitalise on that opportunity.

2.6. Failure Prediction Model

A success versus failure prediction model can help the potential entrepreneur more accurately assess the chance of the proposed businesses success.

Lussier's (1995: 8-21) model is as follows:

S/F = **f** (-capital + record keeping and Financial control + industry experience + management experience – planning + professional advisors + education + staffing + product/service timings + economic timing + age of owner + partners + parents owned a business – minority + marketing skills)

Where pluses and minuses indicate the expected signs. The factors in this model are non financial. Explanations of success versus failure variables are seen in Appendix1.

Lussier (1995) tested this model for overall significance for the goodness of fit of the model and this statistic showed that the model at 0.001 level. The model is statistically better than random guessing. The large –2LL statistic indicated that the model did not differ significantly from the "perfect" model. "The model has empirical validity because the model fits the data. In other words, the model will predict a group of businesses as failed or successful more accurately than random guessing over 99 percent of the time" (Lussier, 1995: 8-21).

How well the model classifies the observed data was a second way to determine how well the model performs. Lussier (1995) did this by examining how likely the sample results are, given the parameter estimates. This model was more accurate at predicting failure than success. The model correctly predicted 73 percent of the failed sample and 65 percent of the successful sample for an overall accuracy of about 70 percent. Since random guessing produces a 50 percent correct classification, the above model is approximately 20 percent more reliable at predicting a specific business as successful or failed. Other statistical bi-variate and multivariate tests were done to test the significance of the factors in predicting success/failure. Lussier (1995) found that only 4 of the fifteen variables were significant in this study. The factors that are

significant predictors of failure or success in this study are planning, professional advisors, education and staffing.

All the factors described so far are more internal factors affecting the business; the external factors affecting small businesses will now follow.

2.7. External Factors Affecting Small Business Failure

Robert et al (1983) conducted a nationwide survey in Texas of approximately 1,000 small business owners and managers to investigate the perceived causes of small business failure. "The reasons cited by survey participant for small business failures can be categorised into internal or managerially controllable causes and external or non-controllable causes. Somewhat surprisingly only one third of the small business owners and mangers surveyed stated that external or non-controllable forces, such as high interest rates, federal regulations, taxes, and the economy, were primary causes of small business failures" (Robert et al, 1983: 15).

The economic structure within which a firm must exist acts as a cause of failure that starts off outside the business itself and is not a result of actions of management. Management instead need to accept changes that occur in our economic system and attempt to change the firm's operations to meet these changes. The causes of trouble occasionally may be entirely beyond the control of the company and management. Some of these causes are known as "acts of God" and this factor is found in all societies. Included are such things as fires, earthquakes, floods, tornadoes, and hurricanes, all of which could certainly cause the downfall of some businesses.

Feinberg (2003) asserts that one of the major causes of business failure in South Africa is spiralling costs. High taxes, high rates of interest and high inflation are responsible for the steep increases in costs. As a result, the profit margins of many businesses, both large and small, have steadily been declining. Some companies have established cost reduction and control programmes, and it is these companies that will survive the ups and downs of our unstable economy. If you do not put into operation the correct strategies and pay no attention to the importance of cost reduction and control, high costs will strangle your company.

"The central focus is on the Department's (Department of Trade and Industry) approach to the issues of BEE, gender equity (women owned enterprises), and an emerging focus on co-operatives as an alternative mechanism for addressing the need for emerging entrepreneurs to pool resources to compete effectively. The Department has new ventures in each of these areas, including attention to legislative and regulatory reform, and a new BEE strategy cross cutting all the Department's programmes. Small businesses in South Africa absorb more than half the people formally employed in the private sector and contribute about 42% of the country's GDP. There are an estimated three million micro enterprises in the country.

The key objective of governments National Strategy for Small Business is to:

- Create an enabling environment for small enterprises.
- Level the playing fields between bigger and small businesses, as well as between rural and urban businesses.
- Facilitate greater equalisation of income, wealth and earning opportunities, and to address the legacy of apartheid-based disempowerment of black business.
- Support the advancement of women in all business sectors.
- Create long-term jobs.
- Stimulate sector-focused economic growth.
- Strengthen cohesion between small enterprises.
- Prepare small business to meet the challenges of an internationally competitive economy" (http://www.gov.za/yearbook/2002/economy.htm).

"Historically, women have played a disproportionately small part in small business. But recently they have assumed a significantly stronger role in the U.S. economy. In fact, from 1980 to 1985, the number of self employed women surged by 36 percent, to 2.8 million. This increase is almost three times the 13 percent increase reported by men" (Siropoli, 1990: 15).

Jones and Tullous (2002: 244) investigated "the perceived needs of male and female pre-venture entrepreneurs for financial and accounting assistance. When investigating

their own needs, female pre-venture entrepreneurs indicated a higher need for financial and accounting assistance than the males did."

"Lawmakers have found that small entrepreneurs have difficulty accessing capital and that this is stunting the development of the small, medium and micro enterprises (SMME) sector, seen as a key for economic growth. Parliament's portfolio committee on trade and industry has found two primary reasons for banks' seeming inability to cater to the needs of small businesses:

1. The financial services industry, as currently structured, is unable to support a healthy SMME sector; and
2. 'Relationship problems'- a euphemism for racism - are hampering black entrepreneurs' access to capital" (Theobald, 2000: 50).

According to Schiller (2000) some businesses are affected by business cycles. They have high fixed costs that continue regardless of volume. The higher the fixed costs the more susceptible the business. If most of the costs of a business are variable, they can be cut when activity is low. Before acquiring fixed assets and before expanding operations, a businessman should take into account the effects of these decisions on fixed costs and profitability during adverse economic conditions. Adverse periods marked by inappropriate adjustments between production and consumption, significant unemployment, decline in sales, falling prices, and other disturbing factors will have some effect on the number of business failures. However, a temporary quiet period in business activities is not usually found to be a fundamental cause, although it does at least accelerate movement toward what is probably an inevitable failure.

"Social forces operate to influence business success no less than market forces do. Just as the wise person must give thought to what makes for a more fulfilling life, so must the entrepreneur give thought to what makes a better community in which to invest energy and money. Entrepreneurs must understand that the business is not only about profit, but they need to also include the good of the community. Because businesses have been slow to change, many Americans have low opinions of businesspersons. They believe that businesspersons should exercise strong leadership to help solve problems such as poor product quality, pollution, and discrimination

against minorities and the handicapped. Consumerism has left its mark on business and the federal government. Thanks largely to consumer groups across the country; consumers are no longer alone in their fight against dishonest businesspersons in the market place. Consumerism is a force whose time has come. No entrepreneur can afford to deny its power" (Siropoli, 1990: 612-613).

AIDS is "one of the most serious health problems to strike the world recently. This deadly disease, for which no cure exists, poses an array of ethical dilemmas for business, ranging from privacy to discrimination. Coping with AIDS in the workplace is not like managing normal health care issues because of the fear and the misunderstanding the disease creates among workers. One recent study found that 75 percent of the companies knew little or nothing about their legal obligations to employees with AIDS.

In addition, many of the actions employers said they would take with an AIDS-infected employee (including firing and telling co-workers) were illegal. Despite AIDS becoming a workplace phenomenon, few businesses are prepared adequately to deal with it. Studies suggest that less than 10 percent of companies have an AIDS program or policy. Yet coping with AIDS in a socially responsible manner requires a written policy and an educational program, ideally implemented before the need arises" (Scarborough and Zimmerer, 1996: 75).

Thus the frameworks within which a business must operate prove to be an important determinant of its success. The challenge to management is to meet and adapt to changing conditions in order to survive. A business cannot change the environment; it must be able to use it to its advantage.

3. RESEARCH METHODOLOGY

3.1. Population

This study is an analysis on small businesses currently operating in the town of Mooi River. Walking down the streets of Mooi River and listing the company's names in the town was used to determine the population size (sampling frame). There were 96 sampling units in the sampling frame.

3.2. Sample and Sampling

Burns and Bush (1995) convey that a probability sampling is based on the idea of random selection – a controlled procedure that assures that each population element is given a known non-zero chance of selection. Sekaran (1992) exhibits that for a population of 100, a sample size of 80 will be appropriate. A sample that is more efficient is one that provides a desired precision at a lower cost. This is achieved with designs that enable us to lower costs of data collecting, usually through reduced travel expense and interviewer time.

There were three alternative probability sampling approaches considered such as systematic sampling, stratified sampling, cluster sampling. "Systematic sampling involves the selection of every *K*th element in the population by beginning with a random start between elements from 1 to k. It's simplicity in certain cases is its greatest value. Stratified sampling is based on dividing a population into subpopulations and then randomly sampling from each of these strata. This method usually results in a smaller total sample size than would a simple random size. In cluster sampling, we divide the population into convenient groups and then randomly choose the groups of study. It is typically less efficient from statistical viewpoint than a simple random because of the high degree of homogeneity within clusters" (Cooper and Schindler 2001: 196).

White (2000:64) contends that "if you have to sample a population of 50 or more, then try for a sample of around 30 using an appropriate technique." Due to time and costs limitations only 30 small businesses will be surveyed. The following method was used to draw the systematic sample:

- Identifying the total number of elements in population, is approximately 100
- Identifying the sampling ratio (k = total population size divided by size of the desired sample i.e.: 100/30=3.33, every third business would need to be surveyed.
- Identifying a random start, done on the computer to select a random number from the population list.
- Drew the sample by choosing every 3rd business.

The population of small businesses were surveyed for periodicity and ensured that the list did not have any monotonic trends (trend in one direction over time) to reduce bias.

3.3. Research Design

According to Cooper and Schindler (2001), a formal study begins with a research question and involves precise procedures and data source specifications. The goal of this formal research design is to answer the question posed, which is: Are small businesses in Mooi River showing signs of failure? The objective here is to look at the factors that cause small business failure and investigate current operating small businesses in the town of Mooi River. It is a descriptive study with secondary and primary data. There is no control group and all variables will be measured at the same time via a questionnaire.

3.4. Technique of Survey

The ***mail survey*** is one of three methods of data collection in *communication* studies, whereby respondents are questioned and their responses are collected via impersonal means. The other two methods are ***personal interviews*** and ***phone interviews***. The mail survey was a self-administered source of primary data collection. The mail survey is a means of securing contact with an otherwise inaccessible contact. Business executives are time constrained and it may be difficult to secure an appointment with them. If a personal or telephonic interview was attempted, it would have resulted in a higher ***non-response error***, i.e. the business executive could have been difficult to locate or was reluctant to participate. A telephonic interview would also have had a

higher incidence of ***respondent-initiated error***, where the executive would be time pressed to answer fully and accurately. This would result in *bias* and adversely affect the *validity* of the research.

3.5. Questionnaire

A questionnaire was drawn up to gather the primary data. Due to the contribution that small businesses make to the economy one would like to provide them with an insight to what could be going wrong, if any, to prevent failure. Data collection was conducted by means of a ***communication study***, i.e. via hand delivery of the questionnaire, wherein the respondent is made aware that the ensuing questionnaire with respect to small businesses and their factors affecting them. In general, research must be designed so a respondent does not suffer physical harm, discomfort, pain, embarrassment, or loss of privacy. Data collection began by explaining to the respondents the benefits expected from the research. A pilot study of the questionnaire was conducted on 4 businesses to detect any weaknesses in the design of the questionnaire.

3.6. Measurements

Burns and Bush (1995) reveal that, "questionnaires are designed to collect information." Malhotra (1999) contends that measurement means assigning numbers or symbols to characteristics of objects according to certain mapping rules. The data collected from the survey is mapped and summarized in Appendix 6; which was used in the Statistical Package for Social Sciences (SPSS) software, for further statistical analysis.

Factors affecting small business failure are the **constructs and independent predictor variables** (money, management, marketing and external factors) that are to be measured. The internal factors are lack of financial control, poor cash flow management, high gearing levels, inadequate management competence, poor production planning and control and insufficient marketing and the external factors such as economic and competitive changes.

The concepts under each of these constructs that are to be measured are as follows:

Money

1. Cumulative losses
2. Lack of tax knowledge
3. Inadequate cost analysis
4. Lack Of Capital
5. Cash Flow Problems
6. Annual Accounts
7. Overtrading
8. Excessive Personal Drawings
9. Cost and Pricing

Management

1. Inadequate records
2. Nepotism
3. Lack of administrative co-ordination
4. One-person management
5. Absentee management
6. Planning
7. Managerial expertise
8. Lack of skilled employees
9. Neglect

Marketing

1. Product line offered and market research
2. Competitive vacuum
3. Technology, or other change in the marketplace also leads to failure
4. Lack of information about customers
5. Failure to diversify market

External Factors

1. Demands of labour unions
2. Labour laws
3. Acts of God – natural disasters
4. High inflation
5. High rates of interest
6. Economic swings

3.7. Questions

Administrative questions would have to be asked along with classification questions. The answering of these questions requires their own specific measuring instrument. The nature of the management question and resulting investigative and measurement questions requires the measuring instrument to have **target questions** that are structured and provide respondents with a set of preset "closed" questions that have to be answered. The questionnaire (Appendix 8) was split into five categories namely: General, Money, Management, Marketing and External Factors affecting small businesses.

General

The objective of this question is to determine whether the business being surveyed is a Small Business or not. The definition for small businesses that was used is that of the Small Business Act, which defines small businesses in terms of turnover and number of employees, the assets base was not included. Detail of the business such as type of business entity and the actual service or product that the business is providing was also gathered.

It was also necessary to determine the legal identity of the business in question so as to determine the operating style of the business (essentially to show that the type of entity run affects management decisions). In other words a sole proprietor would have a different outlook to that of a partnership or a joint venture thus resulting in different perspectives, different solutions, and management styles. The type of business being operated also came into question to determine whether the business was suited to the

area and effective enough to ensure a constant income and the number of years the business was in operation.

External Factors

A prediction of the inflation rate level over the next twelve months was required to see if the business in question was aware of inflation and would also show that plans to combat inflation were in place (e.g. price increases). The business also had to state whether or not it had been affected by the economic changes. We also posed the question of whether the business had been insured against natural disasters in the event of an unexpected disaster. The common day unions tend to force companies to conform to their terms of employment, the business needed to state if they were experiencing problems with unions. With regard to the new minimum wage and employment equity act it was necessary to determine the affect it would have had on the business.

Money

In order to evaluate that the business has a constant overview of its financial status, we asked how often an income statements, balance sheets and cash flow statements were prepared. It was also important to determine the percentage of business assets that are encumbered by debt, thus exposing the businesses to more risk. The growth rate also came into question as most businesses expand with time and establishment. We also needed to know whether the business had run at a loss over the last 3 years. The business owner's knowledge on tax was also taken into consideration.

Most business expansions are an attempt to increase their income rather than a necessity, thus the availability of adequate capital to expand and continue the running of the business was necessary. How often a business revises it prices for goods or services was also questioned and we also asked if the amount of money withdrawn from the business for personal use was monitored.

Management

Who prepared the business's financial reports would determine nepotism to an extent. Appropriately skilled personnel have a definite affect on the business, this was also questioned. Management with previous experience are beneficial to the business, it was important to determine the range of the experience. The amount of time that was spent doing business activity was asked to determine neglect. It was important to find out about the delegation of authority to determine nepotism again and if management ever delegated or tried to do everything himself.

We also focused on finding out if the business was systematic in its record keeping with regard to expenses and income and whether or not they were experiencing problem with their stock and inventory. The question of whether receipts and payments are occurring timeously was posed to determine whether businesses could be creating problems with cash flows. Absenteeism of the staff was touched on to depict that the business operated regularly with a complete staff complement. The business goals came into consideration, which in turn depicted the idealisms of management.

Marketing

The frequency of advertising was asked to determine if small businesses were creating awareness of their products or services. It was also important to determine if there were many competitors in the same market, thus requiring a change in marketing strategy. Technological advancements were looked at in order to determine whether they were creating a gap in their products/services offered. The business was then required to define their target market by everyone, age, location, social group or by life style, this was used to determine if businesses knew who their target markets were. The reliance on one or two big customers was questioned.

The business was lastly asked to state if any **other factors** were adversely affecting their business.

3.8. Scaling Issues

Malhotra (1999:248) vindicates that "scaling involves creating a continuum on which measured objects are located." There are six aspects that must be taken into account when selecting the correct scale for the measurement instrument namely: study objective, response form, degree of preference, data properties, number of dimensions and scale construction. This study does not allow for a full explanation of each of these issues but for our particular survey the requirements can be summarized as follows:

The study consisted of a structured survey with closed-ended questions. A combination of ***Simple Category Scale*** and ***Likert Rating Scale*** has been used in the design of the questionnaire to obtain our data (nominal and interval data respectively).

It has already been stated that ordinal data is being measured and that there are a number of constructs affecting business failure.

3.9. Data Analysis

Statistical Package for Social Sciences (SPSS) software was used for statistical data analysis in this study. SPSS provides access to a wide range of statistical analysis as quickly as possible. Data from the survey instruments was be analysed with Comparisons, Frequency Counts, and percentages and a 'goodness of fit' test (Chi-square test), Sign Test (comparison of two paired samples), Tables and Graphs.

3.10. Reliability (Alpha), Validity

The interviewer must ensure that answers given to the questionnaire are recorded accurately especially in the case of a one on one interview. The way in which the interviewer asks the question and the body language of the interviewer can affect the outcome and *validity* of the interview. This questionnaire was self-administered and therefore was free from interviewer bias.

In designing the instrument for the purpose at hand one must ensure that the questionnaire, interview guideline or whatever instrument is used is not ambiguous or misleading. The wording of the questions should be simple and easy to understand. It

is important that every respondent reads into the meaning of the question the same as the next respondent. In this study an answer sheet is provided for to be filled in, the sheet was constructed in 5 sections and was minimized to 2 pages back to back. For example there must be the correct number of places to fill in a response and the print of the document should be legible. These may sound obvious, but one would be surprised to see how often these errors occur. A pilot study was conducted on four small businesses to ensure the questionnaire was free from these errors. The questionnaire covered most of the concepts that affected the main constructs i.e. Three M's and external factors. When measuring this the criteria of validity, reliability and practicality are relevant

Validity is defined as "the extent to which differences in observed scale scores reflect true differences among objects on the characteristic being measured, rather than systematic or random error (Malhotra, 1999: 283). In this context *content validity* was ensured so that it is reasonable to assume that the instrument contains a representative sample of the subject matter. The population list was randomized and then systematic sampling was then done on the randomized list. Any criterion measure must be judged in terms of relevance, freedom from bias, reliability and availability. All respondents answered the same set of questions to ensure freedom from bias. In order to be reliable the questionnaire should avoid factors that have a high probability of being variable.

Reliability

In order to improve reliability the external sources of variation must be removed. The questionnaire was directed to the owner or manger in charge. Consistency was improved by eliminating questions that result in extreme responses. An all-important issue to bear in mind is that the larger the number of responses gathered, the better and more representative and therefore reliable the results will be. The reliability of data is affected by missing values. A reliability test was conducted using SPSS software the results can be found on Appendix 7.

Practicality

Practicality deals with the issues of economy, convenience and interpretability. It is important that the instrument used to measure data is easy to administer with clear instructions set out. Cooper and Schindler (2001), sets out clearly the guidelines that need to be adhered to when considering weather the data collection instrument ensures that the results are interpretable. From the list given the following are important in this research process: There should be a statement of the function of the test, detailed instructions on how to administer the test, scoring keys, norms for the appropriate reference groups and guides for the test use.

4. RESULTS and DISCUSSION

4.1. General

From Appendix 5, Table 1: Section 1.1, it was seen that all businesses that responded to the survey were small businesses by the definition of the Small Business Act of 1996.

Section 1.2	*Legal identity's*			
		Frequency	**Percent**	**Valid Percent**
Valid	Sole Proprietorship	14.0	46.7	46.7
	Partnership	4.0	13.3	13.3
	Close Corporation	10.0	33.3	33.3
	Pty Limited	1.0	3.3	3.3
	Joint Venture	1.0	3.3	3.3
	Total	**30.0**	**100.0**	**100.0**

Table 4: Frequency counts of legal identity of the businesses surveyed

From Table 4, of the 30 businesses surveyed, 46.7% were sole proprietorships, 13.3% were partnerships, 33.3% were close corporations, 3.3% were Pty Limited, and 3.3% were joint ventures. It is interesting to note that the most popular type of legal identity is the sole proprietor for the small businesses surveyed in Mooi River.

Section 1.3	*Operating type of businesses surveyed*			
		Frequency	**Percent**	**Valid Percent**
Valid	Clothing	2.0	6.7	6.7
	Shoes	1.0	3.3	3.3
	Fruit and Vegetables	2.0	6.7	6.7
	Home Items	4.0	13.3	13.3
	Other	21.0	70.0	70.0
	Total	**30.0**	**100.0**	**100.0**

Table 5: Frequency counts of operating type of businesses surveyed

Table 5 shows that 70% of the operating types of businesses were not an option on our questionnaire. These other businesses are broken down into different operating types as depicted in Table 6 on the next page.

Other Operating Type				
		Frequency	**Percent**	**Valid Percent**
Valid		16.00	53.33	53.33
	Bakery	1.00	3.33	3.33
	Dairy	1.00	3.33	3.33
	Hardware	3.00	10.00	10.00
	Petrol Station	1.00	3.33	3.33
	Pharmacy	2.00	6.67	6.67
	Supermarket	6.00	20.00	20.00
	Total	**30.00**	**100.00**	**100.00**

Table 6: Frequency counts of other operating type of businesses surveyed

Section 1.4	*Age of the business*			
		Frequency	**Percent**	**Valid Percent**
Valid	0-1 year	1.0	3.3	3.3
	2-3 years	5.0	16.7	16.7
	4-5 years	5.0	16.7	16.7
	More than 5 years but less than 10 years	5.0	16.7	16.7
	More than 10 years	14.0	46.7	46.7
	Total	**30.0**	**100.0**	**100.0**

Table 7: Frequency counts of age of the businesses surveyed

Table 7 above reflects that 46.7% of the businesses surveyed are more than 10 years in existence. 50.1% of the businesses are between 2 to 10 years in existence and only 3.3% are less than a year old.

4.2. External Factors

The different sections on the questionnaire will be analysed using frequency tables, and goodness of fit tests. In a Chi-square test and Sign test, a result of less than 0.05 indicates that the observed distribution does not conform to the hypothesized distribution. A result of greater than 0.05 indicates that the results are not significant i.e. the observed distribution conforms to the hypothesized distribution. The Sign test requires the creation of dummy variable/s, which is the hypothesised distribution for the specific concept being looked at. The actual responses are compared to this hypothesised dummy variable.

Section 2.1	*Expected inflation level*			
		Frequency	**Percent**	**Valid Percent**
Valid	>9%	14.0	46.7	51.9
	4%-9%	13.0	43.3	48.1
	Total	27.0	90.0	100.0
Missing	System	3.0	10.0	
Total		**30.0**	**100.0**	

Table 8: Frequency counts of expected inflation level over the next 12 months by the businesses surveyed

46.7% of the businesses surveyed expected inflation to be greater than 9% while 43.3% expected inflation to be in the range of 4% to 9%. 10% of the businesses surveyed did not respond to this question. This shows that most of the businesses were able to predict inflation at an appropriate level. From Appendix 3, Table 1 the cross-tabulation of the age of the business and inflation can be seen. Of the 14 businesses that responded that inflation would be expected to be greater than 9%, 28.6% were between 4 to 5 years old, 21.4% were more than 5 years old and 42.9% were greater than 10 years old. Businesses that were more than 10 years old expected inflation to be at a higher level, than younger businesses.

From Appendix 3, Table 1, it can be seen that 46.2 % of sole proprietors, 75% of partnerships, and 50% of close corporations expected inflation to be between 4% and 9% for the next 12 months.

H_O (Null): Most small businesses would respond to inflation being greater than 9%.
H_A (Alternative): Most small businesses would respond to inflation not being greater than 9%.

Appendix 4, Section 2.1 showed a value from the chi-square test of 0,387. This means that the observed distribution conformed to the hypothesized distribution (H_O), therefore accept the null hypothesis and reject the alternative hypothesis. The prediction of inflation affects pricing, and if products are too highly priced, it could affect sales.

The sign test shows a significance level of 0.000 (Appendix 9, Section 2.1), which means that there is a difference between the observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

Section 2.2	*Insurance against natural disasters*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	12.0	40.0	42.9
	No	16.0	53.3	57.1
	Total	28.0	93.3	100.0
Missing	System	2.0	6.7	
Total		**30.0**	**100.0**	

Table 9: Frequency counts of insurance against natural disasters of businesses surveyed

Only 42.9% of the businesses surveyed responded that they were insured against natural disasters. Should a natural disaster occur, 57.1% of the businesses will not be covered and this could lead to possible failure of the business.

H_O (Null): Most small businesses would respond to not having insurance against natural disasters.
H_A (Alternative): Most small businesses would respond to having insurance against natural disasters.

From Appendix 4, Section 2.2, a value of 0.064 is derived after conducting the chi-square test. This means that the observed distribution conformed to the hypothesized distribution (H_O), therefore accept the null hypothesis and reject the alternative hypothesis. If a natural disaster had to occur, these businesses could fail or cease to exist because of not being insured.

From Appendix 9, Section 2.2, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

Section 2.3	*High interest rates on loans*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	24.0	80.0	80.0
	No	6.0	20.0	20.0
	Total	**30.0**	**100.0**	**100.0**

Table 10: Frequency counts responses to high interest rates on loans of businesses surveyed

It is interesting to note that 80% of the businesses surveyed had responded that high interest rates on loans are creating difficulties in cash flow. A recent cut of 1.5% in the interest rates would have helped these struggling businesses, however a move in the opposite direction could even mean that the business could suffer adversely.

H_O (Null): Most small businesses would respond yes to interest rates on loans creating cash flow problems.
H_A (Alternative): Most small businesses would respond no to interest rates on loans creating cash flow problems.

From Appendix 4, Section 2.3, a significance value of 1.000 is derived after conducting the chi-square test. This means that the observed distribution conformed to the hypothesized distribution (H_O), therefore accept the null hypothesis and reject the

alternative hypothesis. Most businesses responded positively that high interest rates affect their cash flow.

The sign test shows a significance level of 0.31 (Appendix 9, Section 2.3), which means that there is no difference between observed distribution and the hypothesised distribution. In this case the hypothesized distribution was that most small businesses would have responded yes to interest rates on loans creating cash flow problems. Therefore accept the null hypothesis and reject the alternative hypothesis

The sign test and the chi-square generate similar results.

Section 2.4	*Economic change*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	21.0	70.0	70.0
	No	9.0	30.0	30.0
	Total	**30.0**	**100.0**	**100.0**

Table 11: Frequency counts responses to economic change of businesses surveyed

It is interesting to note that 70% of the businesses surveyed had responded that a change in the economic climate could adversely affect their businesses.

H_O (Null): Most small businesses would respond yes that their businesses are affected by economic change e.g. recession.
H_A (Alternative): Most small businesses would respond no that their businesses are affected by economic change e.g. recession.

From Appendix 4, Section 2.4, a significance value of 1.000 is derived after conducting the chi-square test. This means that the observed distribution conformed to the hypothesized distribution (H_O), therefore accept the null hypothesis and reject the alternative hypothesis.

From Appendix 9, Section 2.4, the sign test shows a significance level of 0.004, which means that there is a difference between the observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

Section 2.5	*Union problems*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	1.0	3.3	3.3
	No	29.0	96.7	96.7
	Total	**30.0**	**100.0**	**100.0**

Table 12: Frequency counts responses to union problems

3.3% of the businesses were experiencing union problems.

H_O (Null): Most small businesses would respond to having union problems.

H_A (Alternative): Most small businesses would respond to not having union problems.

From Appendix 4, section 2.5 we can see that the chi-square at shows that a significance of 0.000, most businesses responded that their businesses are not affected by unions. This is probably because they are small businesses and are not highly unionised or unionised at all. This means that there is a difference between the observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

From Appendix 9, Section 2.5, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

Section 2.6	*Wage laws and Employment equity act*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	6.0	20.0	20.7
	No	23.0	76.7	79.3
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	

Table 13: Frequency counts responses to wage laws and Employment equity act

Only 20% of the businesses surveyed responded that the wage laws and Employment equity act affected them.

H_O (Null): Most small businesses would respond yes to being affected by wage laws and the employment equity act.

H_A (Alternative): Most small businesses would respond no to being affected by wage laws and the employment equity act.

A chi-square test from Appendix 4, Section 2.6 reveals contrary to what we had expected. At a significance level of 0.000, there is a difference between the observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted. Most of the businesses surveyed revealed that the wage laws and Employment Equity Act did not affect them.

From Appendix 9, Section 2.6, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

4.3. Money

Section 3.1	*Preparation of Income statement and balance sheet*			
		Frequency	**Percent**	**Valid Percent**
Valid	Monthly	10.0	33.3	33.3
	Quarterly	2.0	6.7	6.7
	Annually	16.0	53.3	53.3
	Only as Needed	2.0	6.7	6.7
	Total	**30.0**	**100.0**	**100.0**

Table 14: Frequency counts of preparation of financial statements

33.3% prepare financials statements monthly, 6.7% quarterly, and 6.7% only as needed, with the majority preparing them annually. Good record keeping can mean a difference of getting a loan for cash flow or expansion, or paying taxes timeously.

H_O (Null): Most small businesses would respond that they prepare financials statements only as needed.

H_A (Alternative): Most small businesses would respond that they prepare financials statements more frequently.

From the Appendix 4, Section 3.1 it can be seen that most of the businesses prepared financial statements annually, which is contrary to what we have expected. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

From Appendix 9, Section 3.1, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

Section 3.2	*Preparation of cash flow statements*			
		Frequency	**Percent**	**Valid Percent**
Valid	Monthly	16.0	53.3	53.3
	Quarterly	4.0	13.3	13.3
	Annually	6.0	20.0	20.0
	Only as Needed	4.0	13.3	13.3
	Total	**30.0**	**100.0**	**100.0**

Table 15: Frequency counts of preparation of cash flow statements

53.3% prepare cash flow statements monthly, 13.3% quarterly, 20% annually and 13.3% only as needed. Table 13 and table 14 shows that the company's surveyed had an adequate record-keeping system, with only 6.7% and 13.3% doing financial and cash flow statements only as needed.

H_O (Null): Most small businesses would respond that they prepare cash flow statements only as needed.

H_A (Alternative): Most small businesses would respond that they prepare cash flow statements more frequently.

From Appendix 4, Section 3.2 we can see that the chi-square at shows that a significance of 0.000. This means that there is a difference between the observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

From Appendix 9, Section 3.2, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

Section 3.3	*Analysis of income and expenditure*			
		Frequency	**Percent**	**Valid Percent**
Valid	Monthly	26.0	86.7	86.7
	Quarterly	1.0	3.3	3.3
	Only as Needed	3.0	10.0	10.0
	Total	**30.0**	**100.0**	**100.0**

Table 16: Frequency counts of analysis of income and expenditure

86.7% of the businesses surveyed analysed their income and expenditure monthly, 3.3% analysed quarterly, and 10% analysed only as needed. From Appendix 3, Table 8 shows that majority of the businesses within the various age of businesses analysed

H_O (Null): Most small businesses would respond they conduct income and expenditure analysis, only as needed.

H_A (Alternative): Most small businesses would respond they conduct income and expenditure analysis, more frequently.

From the chi-square test (Appendix 4, Section 3.3), most businesses analysed their income and expenses on a monthly basis, which does not fit our hypothesis that they only conduct these analyses only as needed. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

In this case the hypothesized distribution was that most small businesses would have responded that they conduct income and expenditure analysis, only as needed. Appendix 9, Section 3.3, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

Section 3.4	*Analysis of debt levels*			
		Frequency	**Percent**	**Valid Percent**
Valid	0%-10%	16.0	53.3	53.3
	10%-30%	6.0	20.0	20.0
	30%-50%	3.0	10.0	10.0
	60%+	1.0	3.3	3.3
	Don't Know	4.0	13.3	13.3
	Total	**30.0**	**100.0**	**100.0**

Table 17: Frequency counts of analysis of debt levels

53.3% of the businesses had debt levels of between 0% to 10%, while 13.3% did not know what their debt levels were, and 3.3% had debt levels above 60%. A high debt level makes a business more prone to financial risk of failure. From the chi-square test, most businesses said that their debt levels is between 0 to 10%, which does not fit our hypothesis that their debt levels are between 30% to 50%.

H_O (Null): Most small businesses would respond that they have debt levels greater than 30%.

H_A (Alternative): Most small businesses would respond that they have debt levels less than 30%.

In this case the hypothesized distribution was that most small businesses would have responded to have high debts levels in their firms (greater than 30%) or did not know their debt levels. From Appendix 4, Section 3.4 we can see that the chi-square shows a significance of 0.000. This means that there is a difference between the observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

From Appendix 9, Section 3.4, the sign test shows a significance level of 0.002 (30% - 50%), 0.000 (60% +) and 0.000 (Don't know), this means that there is a difference between observed distribution and the hypothesised distribution in all these cases. The null hypothesis is rejected in each of these cases. Most small businesses showed good levels of debt in their businesses.

The sign test and the chi-square generate similar results.

Section 3.5	*Growth rates of the businesses*			
		Frequency	**Percent**	**Valid Percent**
Valid	<=2%	5.0	16.7	16.7
	>3% and <5%	7.0	23.3	23.3
	>=6%	12.0	40.0	40.0
	Don't Know	6.0	20.0	20.0
	Total	**30.0**	**100.0**	**100.0**

Table 18: Frequency counts of growth rates of the businesses

20% of the businesses did not know what the growth rates of their businesses were. This could be a symptom of business failure, and these businesses would need to do something about their knowledge of their business growth rates. 40% of the businesses surveyed said that there growth rates were greater than and equal to 6%. The other 40% has growth rates of less than 5%.

H_O (Null): Most small businesses would respond to growth rates being less than 2% or they did not know.

H_A (Alternative): Most small businesses would respond to growth rates being greater than 2%.

From the chi-square test (Appendix 4, Section 3.5), most businesses said that their growth rates were greater than 6%, which does not fit our hypothesis that their growth rates are less than 2%. This means that there is a difference between the observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

From Appendix 9, Section 3.5, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

Section 3.6 (Year 1)	*Financial losses over the last 3 years*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	8.0	26.7	27.6
	No	19.0	63.3	65.5
	Don't Know	2.0	6.7	6.9
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	
Section 3.6 (Year 2)				
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	6.0	20.0	20.7
	No	21.0	70.0	72.4
	Don't Know	2.0	6.7	6.9
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	
Section 3.6 (Year 3)				
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	10.0	33.3	34.5
	No	17.0	56.7	58.6
	Don't Know	2.0	6.7	6.9
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		30.0	100.0	

Table 19: Frequency counts of cumulative financial losses over the last 3 years

From Table 19 it can be seen that in years 1,2, and 3, 26.7%, 20% and 33.3% respectively responded yes to having losses; 63.3%, 70% and 56.7% respectively responded as not having losses; and 6.7% did not know what their losses were over the last 3 years. The 6.7% of businesses, which did not know what their losses were, are probably displaying signs of neglect. Further, an average of 26.7% of the businesses surveyed that had responded and were making losses would probably need to do something about the losses; else this could also be a sign of business failure.

H_O (Null): Most small businesses would respond yes to having made losses.

H_A (Alternative): Most small businesses would respond no to having made losses

Year 1, Year2, and Year 3 showed a difference from the hypothesised distribution at a 0.000 significance level (Appendix 4: Section 3.6). This shows that most small

businesses in Mooi River did not show losses over the last three years. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

From Appendix 9, Section 3.6, the sign test shows a significance level of 0.000, for all three years, which means that there is a difference between observed distribution and the hypothesised distribution. In this case the hypothesized distribution was that most small businesses would have responded yes to having made losses. But this was not the case. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

Section 3.7	*Tax knowledge*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	26.0	86.7	86.7
	No	2.0	6.7	6.7
	Other	2.0	6.7	6.7
	Total	**30.0**	**100.0**	**100.0**

Table 20: Frequency counts of tax knowledge

86.7% of the businesses had some tax knowledge while 6.7% did not have any knowledge.

H_O (Null): Most small businesses would respond no to having any tax knowledge.
H_A (Alternative): Most small businesses would respond yes to having any tax knowledge.

The chi-square test from Appendix 4, Section 3.7 tells us that our null hypothesis should be rejected that most businesses in Mooi River do not have tax knowledge. The level of tax knowledge is however questionable. This means that there is a difference between the observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

From Appendix 9, Section 3.7, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. The hypothesized distribution was that most small

businesses would have responded no to having any tax knowledge. Most of the small businesses in Mooi River had some sort of tax knowledge. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

Section 3.8	*Adequate finance for business expansion*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	13.0	43.3	43.3
	No	17.0	56.7	56.7
	Total	**30.0**	**100.0**	**100.0**

Table 21: Frequency counts of adequate finance for business expansion

43.3% of businesses surveyed responded that they had access to adequate finances for expansion while 56.7% said that they did not have adequate finances for expansion. A lack of access to finance could also lead to business failure.

H_O (Null): Most small businesses would respond no to having adequate access to finance for business expansion.
H_A (Alternative): Most small businesses would respond yes to having adequate access to finance for business expansion.

The chi-square test reveals that (at a significance level of 0.111), the observed distribution conforms to the hypothesized distribution, that most small businesses in Mooi River do not have adequate capital to finance their business expansion.

The sign test shows a significance level of 0.000 (Appendix 9, Section 3.8), which means that there is a difference between observed distribution and the hypothesised distribution. Most of the small businesses in Mooi River had some sort of access to finance for growth. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

Section 3.9	*Revision of cost of products or services provided*			
		Frequency	**Percent**	**Valid Percent**
Valid	Monthly	24.0	80.0	80.0
	Only as Needed	6.0	20.0	20.0
	Total	**30.0**	**100.0**	**100.0**

Table 22: Frequency counts of revision of cost of products or services provided

80% revised prices monthly while 20% revised only as needed.

H_O (Null): Most small businesses would respond to revising the pricing of products or services only when needed.

H_A (Alternative): Most small businesses would respond to revising the pricing of products or services frequently.

The chi-square test from Appendix 4, Section 3.9 reveals that our null hypothesis should be rejected that most businesses revise their products pricing only as needed.

From the sign test, which shows a significance level of 0.000 (Appendix 9, Section 3.9). This means that there is a difference between observed distribution and the hypothesised distribution.

In both tests there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 3.10	*Drawings from businesses*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	28.0	93.3	93.3
	No	2.0	6.7	6.7
	Total	**30.0**	**100.0**	**100.0**

Table 23: Frequency counts of drawings from businesses

93.3% of businesses surveyed responded that they had monitored drawings from the business. Excessive drawings, and not monitoring drawings could lead to failure, however from the survey it can be seen that 6.7% of the respondents had not monitored their drawings level.

H_O (Null): Most small businesses would respond that they did not monitor their level of drawings.

H_A (Alternative): Most small businesses would respond that they did monitor their level of drawings.

Once again, from Appendix 4, Section 3.10, the chi-square analysis shows that observed distribution does not conform to the hypothesized distribution, that most of the businesses surveyed responded that they did not monitor their level of drawings for personal use from the firm.

From the sign test, which shows a significance level of 0.000 (Appendix 9, Section 3.10). This means that there is a difference between observed distribution and the hypothesised distribution. The hypothesized distribution was that most small businesses would have responded that they did not monitor their level of drawings.

In both tests there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

4.4. Management

Section 4.1	*Who does preparation of financial statements*			
		Frequency	**Percent**	**Valid Percent**
Valid	Family Person	9.0	30.0	30.0
	Separate Bookkeeper	6.0	20.0	20.0
	Accountant of the Company	13.0	43.3	43.3
	Other	2.0	6.7	6.7
	Total	**30.0**	**100.0**	**100.0**

Table 24: Frequency counts of who does preparation of financial statements

30% were family people who prepared the financial statements. This shows nepotism! 43.3% had accountants and 20% had separate bookkeepers to prepare their annual financial statements.

H_O (Null): Most small businesses would respond to having their financial statements prepared by some family person.

H_A (Alternative): Most small businesses would not respond to having their financial statements prepared by some family person.

From Appendix 4, Section 4.1, a value of 0.000 is derived after conducting the chi-square test. The hypothesized relationship does not fit the model that most small businesses have their financial statements prepared by a family person.

From the sign test, which shows a significance level of 0.000 (Appendix 9, Section 4.1). This means that there is a difference between observed distribution and the hypothesised distribution. The null hypothesis is rejected.

In both tests there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 4.2	*Employment of skilled personnel*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	20.0	66.7	66.7
	No	10.0	33.3	33.3
	Total	**30.0**	**100.0**	**100.0**

Table 25: Frequency counts of employment of skilled personnel

66.7% responded that they had skilled personnel and 33.3% said that they did not have the appropriate skilled personnel to effectively to do their business. Lack of technical knowledge and expertise could also lead to failure. It is very important to know that certain companies are successful because they know what they are doing and they are good at doing that.

H_O (Null): Most small businesses would respond to not having the appropriate skilled employees in their businesses.

H_A (Alternative): Most small businesses would respond to having the appropriate skilled employees in their businesses.

From Appendix 4, Section 4.2, a value of 0.000 is derived after conducting the chi-square test. The hypothesized relationship does not fit the model that most small businesses in Mooi River have a lack of skilled personnel, however most businesses responded that they did have the appropriate personnel for the job.

From Appendix 9, Section 4.2, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution.

In both tests there is a difference between the observed distribution and the hypothesised distribution. The null hypothesis is rejected; most of the small businesses in Mooi River had the appropriate skilled employees. The alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 4.3	***Years of management experience***			
		Frequency	**Percent**	**Valid Percent**
Valid	>5 years	19.0	63.3	63.3
	2-4 years	4.0	13.3	13.3
	<1 year	2.0	6.7	6.7
	None	3.0	10.0	10.0
	Other	2.0	6.7	6.7
	Total	**30.0**	**100.0**	**100.0**

Table 26: Frequency counts of years of management experience

It is interesting to note that the majority of businesses have sufficient management experience. 16.7% responded that they do not have sufficient years of management experience.

H_O (Null): Most small businesses would respond to not having enough years of prior managerial experience (less than 1 year).
H_A (Alternative): Most small businesses would respond to having enough years of prior managerial experience (more than 1 year).

From Appendix 4, Section 4.3, a value of 0.000 is derived after conducting the chi-square test. The hypothesized relationship does not fit the model that most small

businesses in Mooi River have a lack of managerial experience (i.e. less than 1 year or none).

From Appendix 9, Section 4.3, the sign test shows a significance level of 0.031, which means that there is a difference between observed distribution and the hypothesised distribution.

In both tests the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 4.4	*Number of hours spent doing business activities*			
		Frequency	**Percent**	**Valid Percent**
Valid	0-5 hours	3.0	10.0	10.0
	6-9 hours	18.0	60.0	60.0
	10-13 hours	8.0	26.7	26.7
	Don't Know	1.0	3.3	3.3
	Total	**30.0**	**100.0**	**100.0**

Table 27: Frequency counts of number of hours spent doing business activities

60% of the respondents spend 6 to 9 hours doing business activities, and 26.7% spend 10 to 13 hours on business activities. This question shows the level of commitment of the respondents.

H_O (Null): Most small businesses would respond to having spent less than 6 hours a day doing business activities.
H_A (Alternative): Most small businesses would respond to having spent more than 6 hours a day doing business activities.

From the chi-square test (Appendix 4, Section 4.4), a value of 0.000 is derived. The hypothesized relationship does not fit the model that most small businesses in Mooi River spend less time doing their business i.e. they are not showing symptoms of neglect.

From Appendix 9, Section 4.4, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution.

In both cases the null hypothesis is rejected; most of the small businesses in Mooi River dedicated most of their days doing business activities and where not neglecting their businesses to a great extent. The alternative hypothesis is accepted.

Section 4.5	*Delegation of Managerial Tasks*			
		Frequency	**Percent**	**Valid Percent**
Valid	Any Family Member	13.0	43.3	43.3
	Staff Member	13.0	43.3	43.3
	Never Away	3.0	10.0	10.0
	Other	1.0	3.3	3.3
	Total	**30.0**	**100.0**	**100.0**

Table 28: Frequency counts of delegation of managerial tasks

43.3% of the respondents delegate tasks to any family member, when they are away, and 43.3% delegate to staff members. The 10% that are never away could reflect that those managers/owners are trying to do everything themselves, which could lead to business failure. Further the 43.3% that delegate to any family member are showing signs of nepotism.

H_O (Null): Most small businesses would respond to having delegated tasks to just any family member.

H_A (Alternative): Most small businesses would respond to having delegated tasks to a staff member.

From Appendix 4, Section 4.5, a value of 0.929 is derived after conducting the chi-square test. The hypothesized relationship fits the model that a large proportion of small businesses in Mooi River delegate tasks to any family member. This means that the observed distribution conformed to the hypothesized distribution (H_O), therefore accept the null hypothesis and reject the alternative hypothesis.

From Appendix 9, Section 4.5, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

Section 4.6	*Number of employees in the business*			
		Frequency	**Percent**	**Valid Percent**
Valid	<=5	19.0	63.3	65.5
	6 to 20	7.0	23.3	24.1
	21 to 50	3.0	10.0	10.3
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	

Table 29: Frequency counts of number of employees in the business

65.5% of the businesses had less than 5 employees, 24.1% had between 6 to 20 employees and 10.3% had between 21 to 50 employees.

H_O (Null): Most small businesses would respond to having less than five employees.
H_A (Alternative): Most small businesses would respond to having more than five employees.

From Appendix 4, Section 4.6, a value of 0.12 is derived after conducting the chi-square test. The hypothesized relationship fits the model that a large proportion of small businesses in Mooi River have less than five employees. This means that the observed distribution conformed to the hypothesized distribution (H_O), therefore accept the null hypothesis and reject the alternative hypothesis.

This can be seen from the sign test, which shows a significance level of 0.002 (Appendix 9, Section 4.6). This means that there is a difference between observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

Section 4.7	*Business that have systematic record-keeping*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	26.0	86.7	89.7
	No	3.0	10.0	10.3
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	

Table 30: Frequency counts of businesses that have systematic record keeping

89.7% responded that they do have an adequate record-keeping system. 10.3% said that they do not have a systematic record-keeping system.

H_O (Null): Most small businesses would respond to not having adequate record-keeping systems.

H_A (Alternative): Most small businesses would respond to having adequate record-keeping systems.

The hypothesis that most businesses do not have adequate record-keeping systems is rejected, as the chi-square test from Appendix 4; Section 4.7 reveals that most of the companies do have adequate record-keeping systems.

From Appendix 9, Section 4.7, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution.

In both tests there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 4.8	*Problems receiving inventory*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	2.0	6.7	6.9
	No	22.0	73.3	75.9
	Not Applicable	5.0	16.7	17.2
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	

Table 31: Frequency counts of businesses that have problems receiving inventory

6.9% of the businesses had problems receiving inventory, 75.9% had no problems and this question was not applicable to 17.2% of the businesses surveyed. The 6.9% of businesses that are having problems receiving inventory could be displaying symptoms of business failure. If a business does not have adequate inventory it could lead to business losing customers and ultimately business failure.

H_O (Null): Most small businesses would respond yes to having problems in receiving their inventory.

H_A (Alternative): Most small businesses would respond no to having problems in receiving their inventory.

A chi-square test from appendix 4, Section 4.8 reveals that most companies do not have problems in receiving their inventory.

Most of the small businesses in Mooi River were observed to not having any inventory problems. This can be seen from the sign test, which shows a significance level of 0.002 (Appendix 9, Section 4.8). This means that there is a difference between observed distribution and the hypothesised distribution.

In both tests there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 4.9	*Timeousness of debtors and creditors invoicing and payments*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	17.0	56.7	56.7
	No	10.0	33.3	33.3
	Not Applicable	3.0	10.0	10.0
	Total	**30.0**	**100.0**	**100.0**

Table 32: Frequency counts of timeousness of debtors and creditors invoicing and payments

56.7% of the businesses surveyed responded that they were timeous with debtors invoicing and creditors payments. This question was not applicable to 10% of the businesses surveyed. Late invoicing creates late payments of money and could lead to late payments of creditors thereby leading to cash flow problems. Clearly this would be a symptom of business failure for the 33.3% of businesses that are not timeous with debtor invoicing and creditor payments.

H_O (Null): Most small businesses would respond yes to receipts and payments not occurring on time thereby creating cash flow problems.
H_A (Alternative): Most small businesses would respond that receipts and payments are occurring on time.

The chi-square test from Appendix 4, Section 4.9 reveals that the null hypotheses can be rejected that most of the businesses are not timeously doing debtors invoicing and payments.

From Appendix 9, Section 4.9, the sign test shows a significance level of 0.003, which means that there is no difference between observed distribution and the hypothesised distribution. The hypothesized distribution was that most receipts and payment was not occurring on time thereby creating cash flow problems. But this was not the case therefore the hypothesis is rejected.

In both tests there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 4.10	*Absenteeism of staff*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	3.0	10.0	10.3
	No	26.0	86.7	89.7
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	
Section 4.10				

Table 33: Frequency counts of absenteeism of staff

From Table 33, it can be seen that there is a low absenteeism of staff.

H_O (Null): Most small businesses would respond yes to having high absenteeism of staff.

H_A (Alternative): Most small businesses would respond to not having high absenteeism of staff.

From Appendix 4, Section 4.10, a value of 0.000 is derived after conducting the chi-square test. There is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted.

From the sign test, which shows a significance level of 0.000 (Appendix 9, Section 4.10). There is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate similar results.

Increase Profits	*Goals of the Owner*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	13.0	43.3	43.3
	No	17.0	56.7	56.7
	Total	**30.0**	**100.0**	**100.0**
Wealth of Manager				
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	2.0	6.7	6.7
	No	28.0	93.3	93.3
	Total	**30.0**	**100.0**	**100.0**
Survival Of Firm				
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	15	50.0	50.0
	No	15	50.0	50.0
	Total	**30**	**100.0**	**100.0**
Do not have Goals				
		Frequency	**Percent**	**Valid Percent**
Valid	No	30.0	100.0	100.0
	Total	**30.0**	**100.0**	**100.0**
Other				
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	2.0	6.7	6.7
	No	28.0	93.3	93.3
	Total	**30.0**	**100.0**	**100.0**

Table 34: Frequency counts of company goals

50% of businesses had main company goals to survive. 6.7% have other company goals and 6.7% of the company's had a goal of increasing wealth of the manager, and 43.3% had goals of increasing profits. From this it can be seen that many businesses are fighting for their survival.

H_O (Null): Most small businesses would respond to having a company goal of survival.

H_A (Alternative): Most small businesses would respond to other goals than survival of the firm.

From Appendix 4, Section 4.11- Survival of firm, a value of 0.264 is derived after conducting the chi-square test. The hypothesized relationship fits the model that a large proportion of small businesses in Mooi River have a company goal of survival. This means that the observed distribution conformed to the hypothesized distribution (H_O), therefore accept the null hypothesis and reject the alternative hypothesis.

From the sign test, which shows a significance level of 0.000 (Appendix 9, Section 4.8). This means that there is a difference between observed distribution and the hypothesised distribution. This means that there is a difference between observed distribution and the hypothesised distribution. In this case the null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

4.5. Marketing

Section 5.1	*Frequency of advertising*			
		Frequency	**Percent**	**Valid Percent**
Valid	Weekly	4.0	13.3	13.3
	Monthly	11.0	36.7	36.7
	Yearly	1.0	3.3	3.3
	Never	14.0	46.7	46.7
	Total	**30.0**	**100.0**	**100.0**

Table 35: Frequency counts of frequency of advertising

46.7% of the respondents did not do advertising. Lack of advertising could lead to failure. 50% of the businesses do some sort of advertising monthly.

H_O (Null): Most small businesses would respond to never advertising their products or services.

H_A (Alternative): Most small businesses would respond to frequently advertising their products or services.

From Appendix 4, Section 5.1, the chi-square analysis shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution.

From Appendix 9, Section 5.1, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution.

In both tests there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 5.2	*Number of competitors in the market*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	27.0	90.0	93.1
	No	2.0	6.7	6.9
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	

Table 36: Frequency counts of number of competitors in the market

93.1% of the respondents said that they have a number of competitors in the market. Very strong competition could make a company lose business or market share, and ultimately lead to business failure. Businesses would therefore need to diversify or become more competitive in the market.

H_O (Null): Most small businesses would respond to having strong competition in the market.

H_A (Alternative): Most small businesses would respond to not having a strong competition in the market.

From Appendix 4, Section 5.2, the chi-square test shows significance level of 0.078, which means that there is no difference between observed distribution and the hypothesised distribution.

From Appendix 9, Section 5.2, the sign test shows a significance level of 0.5, which means that there is no difference between observed distribution and the hypothesised distribution.

Therefore the null hypothesis is accepted and the alternative hypothesis is rejected. The sign test and the chi-square generate similar results.

Section 5.3	*Technology advancements effect on the business*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	7.0	23.3	25.0
	No	20.0	66.7	71.4
	Don't Know	1.0	3.3	3.6
	Total	28.0	93.3	100.0
Missing	System	2.0	6.7	
Total		**30.0**	**100.0**	

Table 37: Frequency counts of technology advancements effect on the business

71.4% of the respondents said that advances in technology did not affect their business. 25% were affected.

H_O (Null): Most small businesses would respond that they are affected by changing technology.

H_A (Alternative): Most small businesses would respond that they are not being affected by changing technology.

According to the chi-square analysis in Appendix 4, section 5.3, it can be seen that most of the businesses are not affected by changing technology. This can possibly be attributed to the fact that most of the businesses are supermarkets or retail stores which evidenced in Table 5 and Table 6.

From Appendix 9, Section 5.3, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution.

In both tests there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. The sign test and the chi-square generate similar results.

Section 5.4	*Knowledge on target markets*			
		Frequency	**Percent**	**Valid Percent**
Valid	By Everyone	14.0	46.7	48.3
	By Age	1.0	3.3	3.4
	By Location	8.0	26.7	27.6
	By Social Group	1.0	3.3	3.4
	By Life Style	5.0	16.7	17.2
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	

Table 38: Frequency counts of knowledge on target markets

48.3% said their target markets were everyone. This is a problem! You cannot target everyone! The remainder 51.7% had a segmented target market by age, location, social group and lifestyle.

H_O (Null): Most small businesses do not know who is their target market.
H_A (Alternative): Most small businesses where able to identify their target markets.

From the chi-square test Appendix 4, Section 5.4 a result of 0.66 is obtained, which means that there is no difference between observed distribution and the hypothesised distribution. This means that as expected, most of the firms try to target everyone. Therefore the null hypothesis is accepted and the alternative hypothesis is rejected.

From Appendix 9, Section 5.4, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. The hypothesized distribution was that most small businesses did not who was their target market. The null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

Section 5.5	*Reliance on big customers*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	5.0	16.7	17.2
	No	24.0	80.0	82.8
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	

Table 39: Frequency counts of reliance on big customers

82.8% did not rely on one or two big customers for their business, whereas 17.2% did. If these customers change their suppliers, the business could be in trouble.

H_O (Null): Most small businesses relied on one or two big customers.

H_A (Alternative): Most small businesses did not rely on one or two big customers.

From the chi-square test in Appendix 4, Section 5.5, a value of 0.012 is obtained, which means that there is a difference between the observed distribution and the hypothesised distribution. Therefore the null hypothesis is rejected and the alternative hypothesis is accepted.

From Appendix 9, Section 5.5, the sign test shows a significance level of 0.000, which means that there is a difference between observed distribution and the hypothesised distribution. The null hypothesis is rejected.

The sign test and the chi-square generate similar results.

4.6. Other

Section 6.1	*Other factors adversely affecting the business*			
		Frequency	**Percent**	**Valid Percent**
Valid	Yes	18.0	60.0	62.1
	No	11.0	36.7	37.9
	Total	29.0	96.7	100.0
Missing	System	1.0	3.3	
Total		**30.0**	**100.0**	

Table 40: Frequency counts of other factors adversely affecting the business

62.1% of the businesses said that other factors are affecting their businesses adversely.

H_O (Null): Most small businesses are being affected by other factors adversely.
H_A (Alternative): Most small businesses are not being affected by other factors adversely.

From Appendix 4, Section 6.1, a value of 0.351 is derived after conducting the chi-square test. The hypothesized relationship fits the model that a large proportion of small businesses in Mooi River have some other factor affecting their businesses adversely.

From Appendix 9, Section 4.5, the sign test shows a significance level of 0.001, which means that there is a difference between observed distribution and the hypothesised distribution. The null hypothesis is rejected and the alternative hypothesis is accepted.

The sign test and the chi-square generate contradicting results.

Specify	*List of Factors Affecting Small Businesses Adversely*			
		Frequency	**Percent**	**Valid Percent**
Valid		12.0	40.0	40.0
	A/c with Customers	1.0	3.3	3.3
	Dispensing Doctors, owner	1.0	3.3	3.3
	General Economy	1.0	3.3	3.3
	Unemployment	15.0	50.0	50.0
	Total	**30.0**	**100.0**	**100.0**

Table 41: Frequency counts of other factors adversely affecting the business

50% responded that the most common reason affecting businesses adversely was unemployment, followed by accounts with customers (3.3%), doctors dispensing medication (3.3%, specific to the pharmacy) and the general economy (3.3%).

5. CONCLUSIONS and RECOMMENDATIONS

Conclusions

The literature reveals that the major causes for business decline and/or failure are internal factors - especially lack of financial control, poor cash flow management, high gearing levels, inadequate management competence, poor production planning and control and insufficient marketing - rather than external factors such as economic and competitive changes. The percentages of small businesses in the figures to follow; were derived by adding the responses that were indicative of symptoms of small business failure.

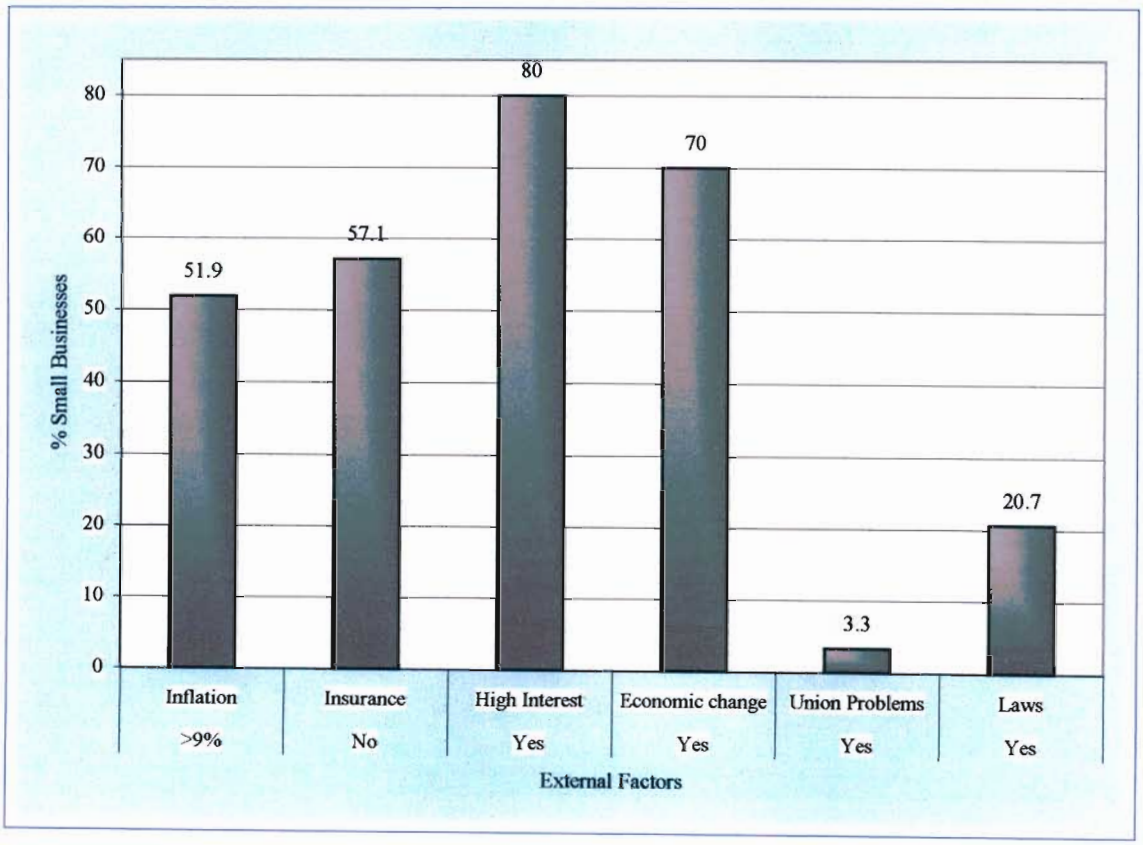

Figure 1: Shows the Percentage of small businesses demonstrating external symptoms of small business failure.

The small business in Mooi River are exhibiting the following external symptoms of small business failure: Inflation, Insurance, High Interest rates on loans, and the economic change (e.g. business cycle). The high interest is seen to be the largest warning sign affecting small businesses with a 80% (Figure1) response. The lack of

insurance against natural disasters is posing a threat to the small businesses as if there is one disaster (e.g. flood), the businesses could lead to failure. As can be seen from Figure 1, many small businesses in Mooi River are demonstrating signs of external causes of failure. One major external cause of failure highlighted by the businesses surveyed, was the high unemployment rate in the town. Small businesses in Mooi River are demonstrating external symptoms of business failure. Therefore the hypothesis is accepted.

From the literature review the economic structure within which a firm must exist acts as a cause of failure. This starts off outside the business itself and is not a result of actions of management. Businesses need to accept and react to changes that occur in our economic system. Some of the causes that management cannot react to are known as "acts of God". Included are such things as fires, earthquakes, floods, tornadoes, and hurricanes, all of which could certainly cause the downfall of some businesses. However, insurance against these "acts of God" could help alleviate this symptom.

High taxes, high rates of interest and high inflation are responsible for the steep increases in costs. Small businesses should establish cost reduction and control programmes, in order to survive the ups and downs of our unstable economy. If small businesses do not put into operation the correct strategies and pay no attention to the importance of cost reduction and control, then high costs will strangle the business.

Small businesses are affected by business cycles. Small businesses with higher fixed costs are more susceptible to business cycles. If most of the costs of the business are variable, they must be cut when activity is low. Before acquiring fixed assets and before expanding operations, a small business should consider the effects of these decisions on fixed costs and profitability during adverse economic conditions. Adverse periods marked by inappropriate adjustments between production and consumption, significant unemployment, decline in sales, falling prices, and other disturbing factors will have some effect on small business. However, a temporary quiet period in business activities is not usually found to be a fundamental cause, although it does at least accelerate movement toward what is probably an inevitable failure.

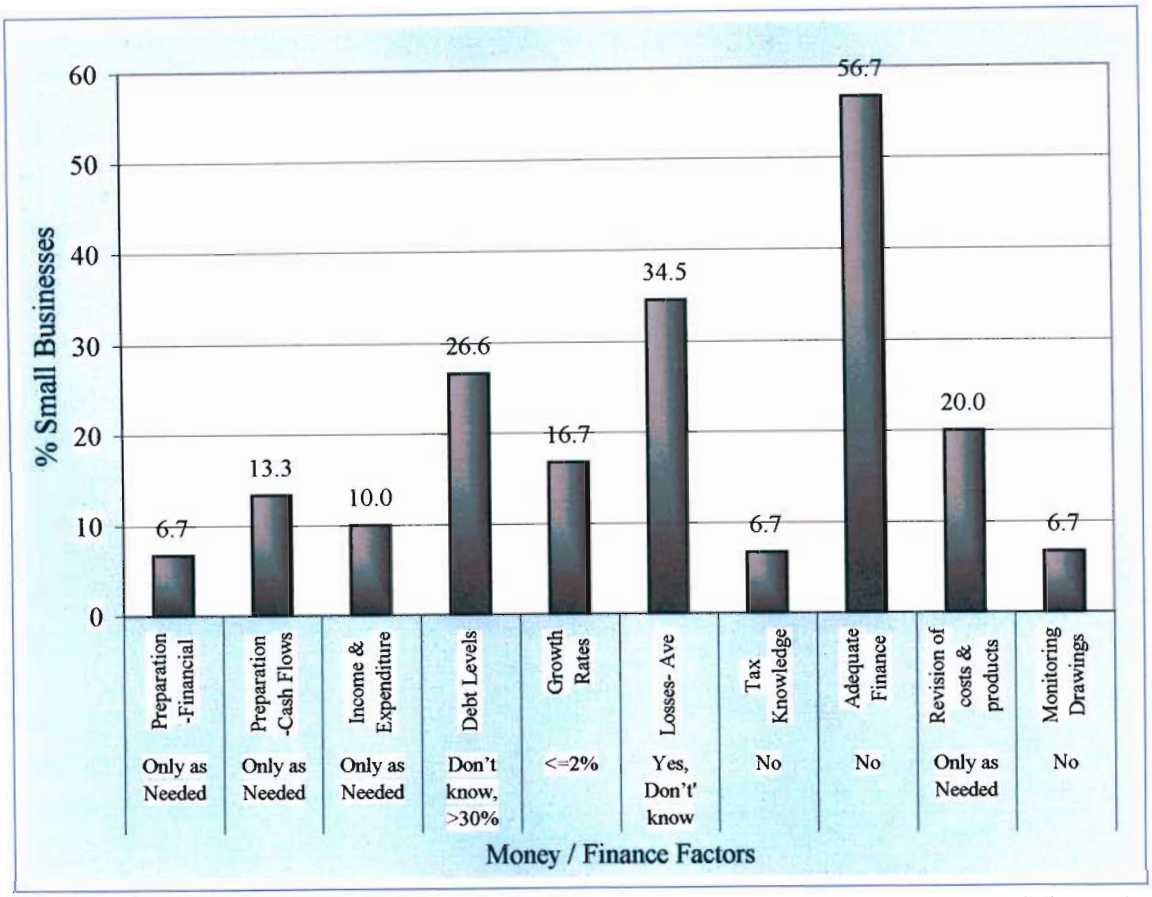

Figure 2: Shows the Percentage of small businesses demonstrating Money/ Finance causes of failure.

56.7 % (Figure2) of small businesses in the town of Mooi River lack access to finance for the expansion of their business. This was seen to be the major demonstrating symptom as Money/Finance as the cause of failure. 27.7% (Figure 2) and 34.13 % (Figure 2) of businesses in Mooi River are demonstrating high debt levels and average losses over the last three years respectively. The majority of small businesses in Mooi River are not demonstrating many symptoms of money/ finance factors of failure. Small businesses in Mooi River are demonstrating Managerial symptoms of business failure. Under the broad construct of money/finance Small businesses in Mooi River are not demonstrating Money/Financial symptoms of business failure. But there are specific areas of management that are symptoms of failure i.e. the lack of adequate finance for expansion. Small businesses in Mooi River are exhibiting symptoms of high debt levels and financial losses to certain extent. In general these businesses are not exhibiting money/finance symptom of failure.

There is little incentive to stay in business if profits are not realised. Liquidity is vital to the ability of the small business to pay creditors, expenses and various other commitments. The management of debt is time consuming and an expensive task. Cash flow problems also proliferate from the high debt levels. The inability to control costs contributes to small business failure. During periods of high inflation, excessive spending unavoidably leads to financial problems. Small businesses need to exercise prudent control take cognisance of fiscal reality. The optimal strategy to follow in this situation may be simply to spend smarter.

Finance / money related problems contribute to small business failure and new businesses fail due to under capitalization .The inability to secure sufficient long term financing and/or the high cost of such must be regarded as a serious problem. There are a number of organisations trying to promote small business development by providing access to capital funding. Small businesses need to consider tax benefits in their financial planning. Liability of V.A.T., P.A.Y.E., Corporation Tax and Income Tax can account for a major part of turnover and not taking them into account could be very detrimental to small businesses.

Small businesses need to execute cost analysis for control purposes. Operating reports should not be to inadequate or over detailed. Inadequate reports fail to provide the small business with sufficient information, while the over detailed reports makes analysis difficult. As a result, small businesses do not have a clear-cut basis for controlling operations. Reports need to be made quick and easy. Proper sequential filing and monitoring reports need to be implemented in order for small businesses to take timely action.

Predictable growth is vastly better to spurts and jumps in volume. It's hard to believe that too much trade can destroy a small business. Small businesses may incur major up-front costs to finance large inventories to meet new customer demand. Unplanned growth can transform a successful operation into a failure. By not having properly considered and planned for expansion, an organization is caught ill equipped (financially and managerially), often leaving the firm with a critically tight cash flow. Small businesses should not leverage the firm so far that if the market stumbles, they will be unable to pay back loans. Personal drawings should not exceed profits under

any circumstances and the prudent small business should ensure that sufficient profits are retained in the business for future developments.

Small businesses should know the actual cost of producing their product and service. If the product or services provided are priced too low you will not cover expenses, and prices are too high you will lose sales volume. In both cases you will not make a profit. The costing and pricing of products and services need to be conducted in an organized manner.

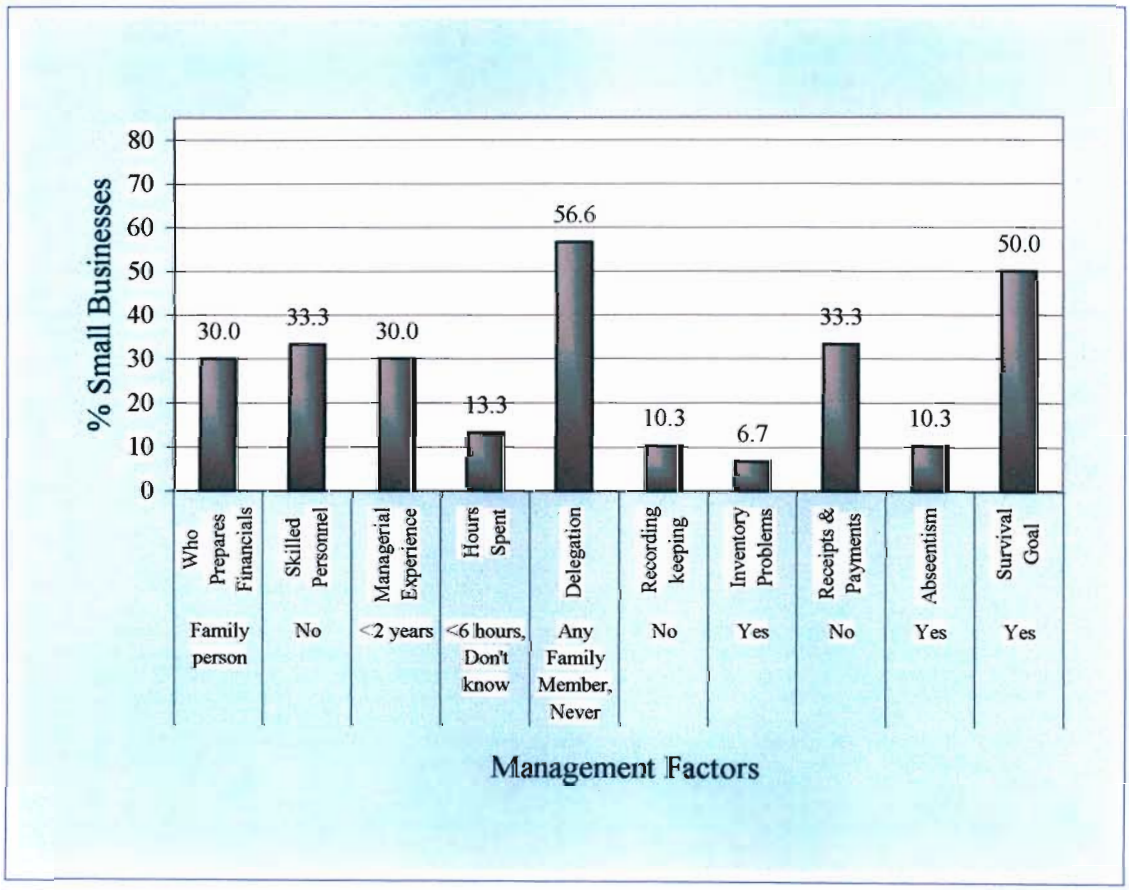

Figure 3: Shows the Percentage of small businesses demonstrating Management causes of failure.

56.6% of small businesses surveyed demonstrated delegation problems respectively as a management symptom of failure. The delegation problems included the non-delegation of tasks and the delegation to any family member. This highlighted a high level of nepotism. Another 30% responded that; a family person prepared financial statements, which showed nepotism to a certain extent. 50% (Figure 3) of the small businesses responded that survival of their businesses was their goal. This shows that many businesses are fighting for survival in Mooi River. Majority of the businesses

surveyed are not demonstrating symptoms of managerial causes of failure. Under the broad construct of management Small businesses in Mooi River are not exhibiting Management symptoms of business failure. But there are specific areas of management that are symptoms of failure i.e. receiving inventory problems, delegation to any family member and non-delegation and the goal for survival. The requirement for skilled personnel, managerial experience and the receipts and payments are some other symptoms that are affecting small businesses in Mooi River to a lesser extent.

Majority of small businesses fill their management ranks with friends or family. Never hire acquaintances to join your management team unless they have management experience appropriate to the field of your business. Being in business should be a continuous learning process and if help is needed in some areas, it should be sought before a disaster. A small business should have a good record keeping system; which could mean the difference on getting a loan for cash flow or expansion, or paying your taxes on time and correctly. Small businesses must be able to coordinate manufacturing and selling activities. Up-to-date records need to be kept, and continuously analysed and assessed. Management need to communicate business policies and pay attention to administrative problems.

Planning is critical for the small business to assure a profitable operation. The absence of planning may leave a business operating on a day-today basis, reducing its ability to utilize resources. Long range planning should allow the firm to predict and prepare for the future better. However, unclear, insufficient or nonexistent long range planning on the part of most small businesses is usually the rule rather than the exception. The keys to small business success are the development of managerial expertise and adherence to a master plan.

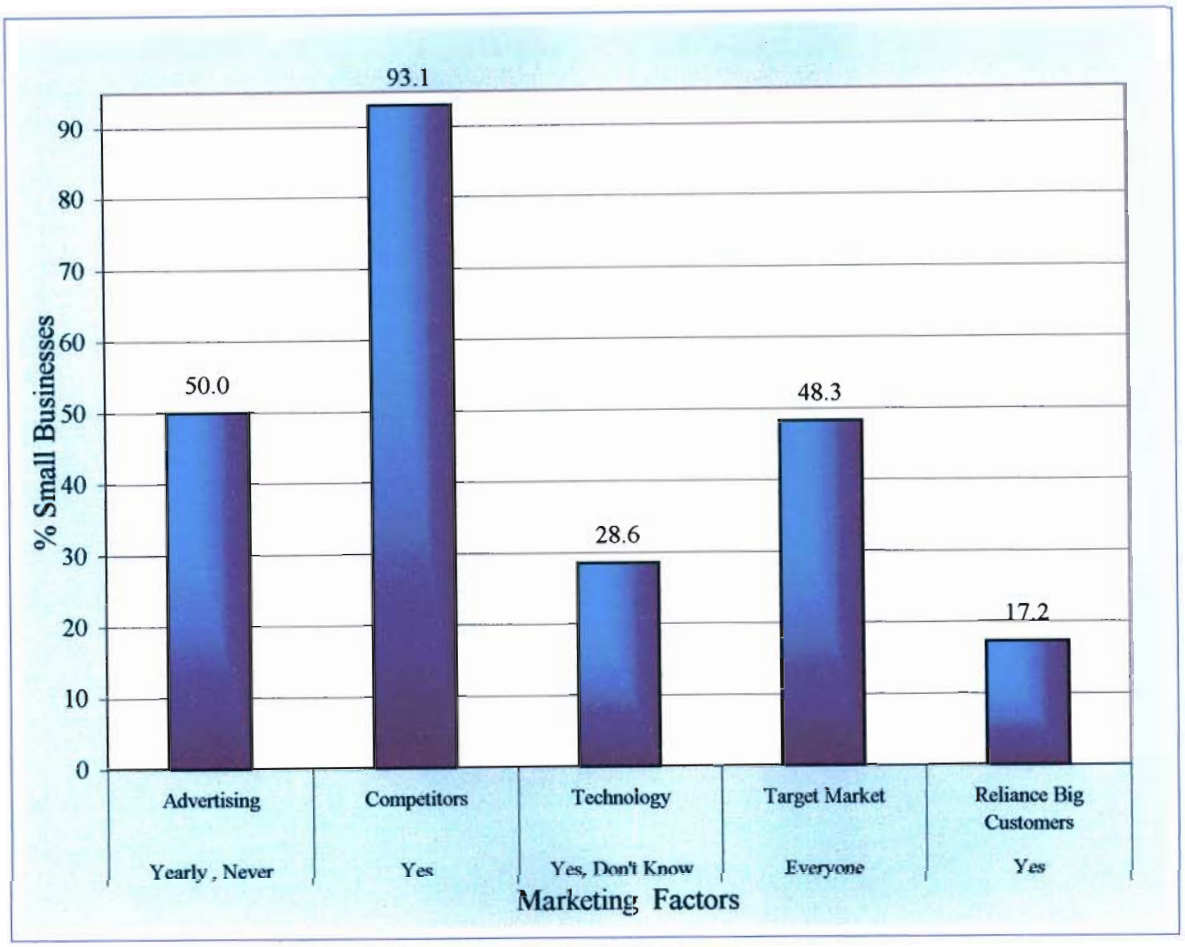

Figure 4: Shows the Percentage of small businesses demonstrating marketing causes of failure.

Competition in the market place was the major cause of marketing causes of failure, followed by the lack of advertising and lack of knowledge of their target market. 48.3% (Figure 4) of the businesses described their target market as being everyone, which definitely is not possible. Small businesses in Mooi River are demonstrating symptoms of marketing factors of failure. Therefore the hypothesis is accepted.

The intensity of competition is strong for any small business. Some small businesses fail because of a lack of adequate ability, resources, and opportunity to meet successfully the existing competition. Thus the limits within which a business must function prove to be a crucial element of success. The challenge for the small business is to meet and adapt to changing conditions.

The small business owner is advised to conduct a competitive audit, frequently, to determine consumer perceptions of his/her business and competition. Market

information may be more vital to the small firm because of its smaller resource base. From the literature review, lack of knowledge of how to market the service or product and owners not knowing their target market, are reasons for small business failure. A small business is unable to advertise suitably if the target market is unknown or everyone.

The diversification of products offered to the market, could ward off competition. As some product lines begin to lose market appeal, small businesses must be able to offer substitutes, thereby maintaining revenue. Changes in market conditions could leave the firm in a very poor position if it is uninformed of what is going on in the markets. Small businesses need to grasp the market needs and wants in order to capitalise on that opportunity and get ahead of competitors.

From this study it can be concluded that the major factors being demonstrated by the small businesses in Mooi River are external and marketing causes of failure. However, the small businesses are also demonstrating symptoms of money and management causes of failure.

Recommendations

From the literature review it can be seen that small businesses in South Africa absorb almost half of the people formally employed in the private sector and contribute about 37 percent to the country's gross domestic product. Due to the high turnover of small businesses in South Africa it is recommended that this study be extended to other areas or regions in Kwa-Zulu Natal and in South Africa to determine whether small businesses are exhibiting symptoms of small business failure. The use of this information can be used to accelerate small business development thereby creating employment.

Other areas of study under small businesses that can be looked at are:

- A study into small businesses in rural and urban areas to determine if there are any significant differences in terms of symptoms of failure.
- A study into the effect of the aids epidemic on the small business sector.
- A study of the advancement of women in the business sector.
- A study into whether racism is hampering black entrepreneurs' access to capital thereby affecting small business start-ups and development.
- The development of a failure prediction model to help the potential entrepreneur assess the chance of the proposed businesses success.
- The inability of banks to cater for the needs of small businesses.

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APPENDIX

Appendix 1

Description of Factors in the Failure Prediction Model

a. ***Capital*** – businesses that start undercapitalised have a greater chance of failure than firms that start with adequate capital.
b. ***Recording Keeping and Financial control*** – businesses that don not keep updated and accurate records and do not use adequate controls have a greater chance of failure than firms that do.
c. ***Industry Experience*** – businesses managed by people without prior industry experience have a greater chance of failure than firms managed by people with prior management experience.
d. ***Management Experience*** – businesses managed by people without prior management experience have a greater chance of failure than firms that are managed by people with prior management experience.
e. ***Planning*** – businesses that do not develop specific business plans have a greater chance of failure than firms that do.
f. ***Professional Advisors*** – businesses that do not use professional advisors have a greater chance of failure than using professional advisors.
g. ***Education*** – people without any college education who start a business have a greater chance of failure than people with one or more years of college education.
h. ***Staffing*** – businesses that cannot attract and retain quality employees have a greater chance of failure than firms that can.
i. ***Product/Service Timing*** – businesses that select products/services that are too new or too old have a greater chance of failure than firms that select products/services that is in the growth stage.
j. ***Economic Timing*** – businesses that start during a recession have a greater chance of failure than firms that start during expansion periods.
k. ***Age*** – younger people who start a business have a greater chance of failure than older people starting a business.
l. ***Partners*** – a business started by one person has a greater chance of failure than a firm started by more than one person.
m. ***Parents*** – business owners whose parents did not own a business have a greater chance of failure than owners whose parents did own a business.
n. ***Minority*** – minorities have a greater chance of failure non-minorities.
o. ***Marketing*** – businesses owners without marketing skills have greater chance of failure than owners with marketing skills.

Appendix 2

Definitions of Businesses in The different categories according to ACT No. 102 of 1996: National Small Business ACT, 1996.

PRESIDENT'S OFFICE

No. 1901. 27 November 1996

NO. 102 OF 1996: NATIONAL SMALL BUSINESS ACT, 1996.

It is hereby notified that the President has assented to the following Act, which is hereby published for general information: -

ACT

To provide for the establishment of the National Small Business Council and the Ntsika Enterprise Promotion Agency; and to provide guidelines for organs of state in order to promote small business in the Republic; and to provide for matters incidental thereto.

SCHEDULE

Sector or sub-sectors in accordance with the Standard Industrial Classification	**Size or class**	**Total full-time equivalent of paid employees** *Less than:*	**Total annual turnover** *Less than:*	**Total gross asset value (fixed property excluded)** *Less than:*
Agriculture	Medium Small Very small Micro	100 50 10 5	R 4.00 m R 2.00 m R 0.40 m R 0.15 m	R 4.00 m R 2.00 m R 0.40 m R 0.10 m
Mining and Quarrying	Medium Small Very small Micro	200 50 20 5	R30.00 m R 7.50 m R 3.00 m R 0.15 m	R18.00 m R 4.50 m R 1.80 m R 0.10 m
Manufacturing	Medium Small Very small Micro	200 50 20 5	R40.00 m R10.00 m R 4.00 m R 0.15 m	R15.00 m R 3.75 m R 1.50 m R 0.10 m
Electricity, Gas and Water	Medium Small Very small Micro	200 50 20 5	R40.00 m R10.00 m R 4.00 m R 0.15 m	R15.00 m R 3.75 m R 1.50 m R 0.10 m

Construction	Medium Small Very small Micro	200 50 20 5	R20.00 m R 5.00 m R 2.00 m R 0.15 m	R 4.00 m R 1.00 m R 0.40 m R 0.10 m
Retail and Motor Trade and Repair Services	Medium Small Very small Micro	100 50 10 5	R30.00 m R15.00 m R 3.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m
Wholesale Trade, Commercial Agents and Allied Services	Medium Small Very small Micro	100 50 10 5	R50.00 m R25.00 m R 5.00 m R 0.15 m	R 8.00 m R 4.00 m R 0.50 m R 0.10 m
Catering, Accommodation and other Trade	Medium Small Very small Micro	100 50 10 5	R10.00 m R 5.00 m R 1.00 m R 0.15 m	R 2.00 m R 1.00 m R 0.20 m R 0.10 m
Transport, Storage and Communications	Medium Small Very small Micro	100 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m
Finance and Business Services	Medium Small Very small Micro	100 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 4.00 m R 2.00 m R 0.40 m R 0.10 m
Community, Social and Personal Services	Medium Small Very small Micro	100 50 10 5	R10.00 m R 5.00 m R 1.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m

Appendix 3: Showing Cross –Tabulation between section 1.2 , 1.3, 1.4 and all the questions from the questionnaire (Section 2, 3,4, 5,6)

Table 1: Showing Cross Tabulation of Section 1.2, 1.3, 1.4 with Section 2.1

			>9%		4%-9%	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 2.1	7.0	53.8	6.0	46.2
	Partnership	Section 2.1	1.0	25.0	3.0	75.0
	Close Corporation	Section 2.1	4.0	50.0	4.0	50.0
	Pty Limited	Section 2.1	1.0	100.0		
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Section 2.1	1.0	50.0	1.0	50.0
	Shoes	Section 2.1	1.0	100.0		
	Fruit & Vegetables	Section 2.1			2.0	100.0
	Home Items	Section 2.1	4.0	100.0		
	Other		8.0	44.4	10.0	55.6
Section 1.4	0-1 year	Section 2.1	1.0	100.0		
	2-3 years	Section 2.1	4.0	80.0	1.0	20.0
	4-5 years	Section 2.1			5.0	100.0
	More than 5 years	Section 2.1	3.0	100.0		
	More than 10 years	Section 2.1	6.0	46.2	7.0	53.8

Table 2: Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 2.2

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 2.2	2.0	14.3	12.0	85.7
	Partnership	Section 2.2	3.0	75.0	1.0	25.0
	Close Corporation	Section 2.2	5.0	62.5	3.0	37.5
	Pty Limited	Section 2.2	1.0	100.0		
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Section 2.2			2.0	100.0
	Shoes	Section 2.2			1.0	100.0
	Fruit & Vegetables	Section 2.2			2.0	100.0
	Home Items	Section 2.2	1.0	25.0	3.0	75.0
	Other		11.0	57.9	8.0	42.1
Section 1.4	0-1 year	Section 2.2			1.0	100.0
	2-3 years	Section 2.2			5.0	100.0
	4-5 years	Section 2.2	1.0	25.0	3.0	75.0
	More than 5 years	Section 2.2	2.0	50.0	2.0	50.0
	More than 10 years	Section 2.2	9.0	64.3	5.0	35.7

Table 3: Showing Cross Tabulation of Section 1.2, 1.3, 1.4 with Section 2.3

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 2.3	12.0	85.7	2.0	14.3
	Partnership	Section 2.3	4.0	100.0		
	Close Corporation	Section 2.3	7.0	70.0	3.0	30.0
	Pty Limited	Section 2.3	1.0	100.0		
	Joint Venture				1.0	100.0
Section 1.3	Clothing	Section 2.3	2.0	100.0		
	Shoes	Section 2.3	1.0	100.0		
	Fruit & Vegetables	Section 2.3	2.0	100.0		
	Home Items	Section 2.3	2.0	50.0	2.0	50.0
	Other		17.0	81.0	4.0	19.0
Section 1.4	0-1 year	Section 2.3	1.0	100.0		
	2-3 years	Section 2.3	4.0	80.0	1.0	20.0
	4-5 years	Section 2.3	5.0	100.0		
	More than 5 years	Section 2.3	4.0	80.0	1.0	20.0
	More than 10 years	Section 2.3	10.0	71.4	4.0	28.6

Table 4 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 2.4

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 2.4	8.0	57.1	6.0	42.9
	Partnership	Section 2.4	4.0	100.0		
	Close Corporation	Section 2.4	8.0	80.0	2.0	20.0
	Pty Limited	Section 2.4	1.0	100.0		
	Joint Venture				1.0	100.0
Section 1.3	Clothing	Section 2.4	1.0	50.0	1.0	50.0
	Shoes	Section 2.4			1.0	100.0
	Fruit & Vegetables	Section 2.4	2.0	100.0		
	Home Items	Section 2.4	2.0	50.0	2.0	50.0
	Other		16.0	76.2	5.0	23.8
Section 1.4	0-1 year	Section 2.4	1.0	100.0		
	2-3 years	Section 2.4	2.0	40.0	3.0	60.0
	4-5 years	Section 2.4	5.0	100.0		
	More than 5 years	Section 2.4	3.0	60.0	2.0	40.0
	More than 10 years	Section 2.4	10.0	71.4	4.0	28.6

Table 5: Showing Cross Tabulation of Section 1.2, 1.3, 1.4 with Section 2.5

			Yes		No	
			Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 2.5			14.0	**100.0**
	Partnership	Section 2.5			4.0	**100.0**
	Close Corporation	Section 2.5	1.0	**10.0**	9.0	**90.0**
	Pty Limited	Section 2.5			1.0	**100.0**
	Joint Venture				1.0	**100.0**
Section 1.3	**Clothing**	Section 2.5			2.0	**100.0**
	Shoes	Section 2.5			1.0	**100.0**
	Fruit & Vegetables	Section 2.5			2.0	**100.0**
	Home Items	Section 2.5			4.0	**100.0**
	Other		1.0	**4.8**	20.0	**95.2**
Section 1.4	**0-1 year**	Section 2.5			1.0	**100.0**
	2-3 years	Section 2.5			5.0	**100.0**
	4-5 years	Section 2.5			5.0	**100.0**
	More than 5 years	Section 2.5			5.0	**100.0**
	More than 10 years	Section 2.5	1.0	**7.1**	13.0	**92.9**

Table 5 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 2.6

			Yes		No	
			Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 2.6	2.0	**14.3**	12.0	**85.7**
	Partnership	Section 2.6	2.0	**50.0**	2.0	**50.0**
	Close Corporation	Section 2.6	1.0	**11.1**	8.0	**88.9**
	Pty Limited	Section 2.6			1.0	**100.0**
	Joint Venture		1.0	**100.0**		
Section 1.3	**Clothing**	Section 2.6			2.0	**100.0**
	Shoes	Section 2.6			1.0	**100.0**
	Fruit & Vegetables	Section 2.6	2.0	**100.0**		
	Home Items	Section 2.6			4.0	**100.0**
	Other		4.0	**20.0**	16.0	**80.0**
Section 1.4	**0-1 year**	Section 2.6			1.0	**100.0**
	2-3 years	Section 2.6	1.0	**20.0**	4.0	**80.0**
	4-5 years	Section 2.6	2.0	**40.0**	3.0	**60.0**
	More than 5 years	Section 2.6			4.0	**100.0**
	More than 10 years	Section 2.6	3.0	**21.4**	11.0	**78.6**

Table 6 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.1

			Monthly		Quarterly		Annually		Only as Needed	
			Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 3.1	3.0	**21.4**	2.0	**14.3**	7.0	**50.0**	2.0	**14.3**
	Partnership	Section 3.1	1.0	**25.0**			3.0	**75.0**		
	Close Corporation	Section 3.1	4.0	**40.0**			6.0	**60.0**		
	Pty Limited	Section 3.1	1.0	**100.0**						
	Joint Venture		1.0	**100.0**						
Section 1.3	Clothing	Section 3.1			1.0	**16.7**	5.0	**83.3**		
	Shoes	Section 3.1					1.0	**100.0**		
	Fruit & Vegetables	Section 3.1	2.0	**66.7**			1.0	**33.3**		
	Home Items	Section 3.1	3.0	**60.0**					2.0	**40.0**
	Other		5.0	**33.3**	1.0	**6.7**	9.0	**60.0**		
Section 1.4	0-1 year	Section 3.1							1.0	**100.0**
	2-3 years	Section 3.1	2.0	**40.0**	1.0	**20.0**	1.0	**20.0**	1.0	**20.0**
	4-5 years	Section 3.1	1.0	**20.0**			4.0	**80.0**		
	More than 5 years	Section 3.1	2.0	**40.0**	1.0	**20.0**	2.0	**40.0**		
	More than 10 years	Section 3.1	5.0	**35.7**			9.0	**64.3**		

Table 7 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.2

			Monthly		Quarterly		Annually		Only as Needed	
			Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 3.2	9.0	64.3	1.0	7.1	2.0	14.3	2.0	14.3
	Partnership	Section 3.2	1.0	25.0	2.0	50.0	1.0	25.0		
	Close Corporation	Section 3.2	4.0	40.0	1.0	10.0	3.0	30.0	2.0	20.0
	Pty Limited	Section 3.2	1.0	100.0						
	Joint Venture		1.0	100.0						
Section 1.3	Clothing	Section 3.2	2.0	33.3	1.0	16.7	2.0	33.3	1.0	16.7
	Shoes	Section 3.2	1.0	100.0						
	Fruit & Vegetables	Section 3.2	3.0	100.0						
	Home Items	Section 3.2	3.0	60.0	1.0	20.0			1.0	20.0
	Other		7.0	46.7	2.0	13.3	4.0	26.7	2.0	13.3
Section 1.4	0-1 year	Section 3.2	1.0	100.0						
	2-3 years	Section 3.2	2.0	40.0	1.0	20.0			2.0	40.0
	4-5 years	Section 3.2	3.0	60.0	1.0	20.0	1.0	20.0		
	More than 5 years	Section 3.2	4.0	80.0	1.0	20.0				
	More than 10 years	Section 3.2	6.0	42.9	1.0	7.1	5.0	35.7	2.0	14.3

Table 8 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.3

			Monthly		Quarterly		Only as Needed	
			Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 3.3	13.0	92.9			1.0	7.1
	Partnership	Section 3.3	4.0	100.0				
	Close Corporation	Section 3.3	7.0	70.0	1.0	10.0	2.0	20.0
	Pty Limited	Section 3.3	1.0	100.0				
	Joint Venture		1.0	100.0				
Section 1.3	Clothing	Section 3.3	5.0	83.3			1.0	16.7
	Shoes	Section 3.3	1.0	100.0				
	Fruit & Vegetables	Section 3.3	3.0	100.0				
	Home Items	Section 3.3	5.0	100.0				
	Other		12.0	80.0	1.0	6.7	2.0	13.3
Section 1.4	0-1 year	Section 3.3	1.0	100.0				
	2-3 years	Section 3.3	4.0	80.0			1.0	20.0
	4-5 years	Section 3.3	4.0	80.0			1.0	20.0
	More than 5 years	Section 3.3	5.0	100.0				
	More than 10 years	Section 3.3	12.0	85.7	1.0	7.1	1.0	7.1

Table 9 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.4

			0%-10%		10%-30%		30%-50%		60%+		Don't Know	
			Count	%	Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 3.4	6.0	0.4	4.0	0.3	1.0	0.1	1.0	0.1	2.0	0.1
	Partnership	Section 3.4	3.0	0.8	1.0	0.3						
	Close Corporation	Section 3.4	5.0	0.5	1.0	0.1	2.0	0.2			2.0	0.2
	Pty Limited	Section 3.4	1.0	1.0								
	Joint Venture		1.0	1.0								
Section 1.3	Clothing	Section 3.4	4.0	0.7			1.0	0.2	1.0	0.2		
	Shoes	Section 3.4			1.0	1.0						
	Fruit & Vegetables	Section 3.4	2.0	0.7							1.0	0.3
	Home Items	Section 3.4	2.0	0.4	1.0	0.2					2.0	0.4
	Other		8.0	0.5	4.0	0.3	2.0	0.1			1.0	0.1
Section 1.4	0-1 year	Section 3.4									1.0	1.0
	2-3 years	Section 3.4	2.0	0.4	1.0	0.2			1.0	0.2	1.0	0.2
	4-5 years	Section 3.4	3.0	0.6	1.0	0.2	1.0	0.2				
	More than 5 years	Section 3.4	2.0	0.4	2.0	0.4					1.0	0.2
	More than 10 years	Section 3.4	9.0	0.6	2.0	0.1	2.0	0.1			1.0	0.1

Table 10: Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.5

			<=2%		>3% and <5%		>=6%		Don't Know	
			Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 3.5	3.0	21.4	3.0	21.4	6.0	42.9	2.0	14.3
	Partnership	Section 3.5	2.0	50.0	2.0	50.0				
	Close Corporation	Section 3.5			2.0	20.0	5.0	50.0	3.0	30.0
	Pty Limited	Section 3.5							1.0	100.0
	Joint Venture						1.0	100.0		
Section 1.3	Clothing	Section 3.5	2.0	33.3	3.0	50.0	1.0	16.7		
	Shoes	Section 3.5	1.0	100.0						
	Fruit & Vegetables	Section 3.5	1.0	33.3					2.0	66.7
	Home Items	Section 3.5			1.0	20.0	3.0	60.0	1.0	20.0
	Other		1.0	6.7	3.0	20.0	8.0	53.3	3.0	20.0
Section 1.4	0-1 year	Section 3.5							1.0	100.0
	2-3 years	Section 3.5	1.0	20.0	1.0	20.0	3.0	60.0		
	4-5 years	Section 3.5	2.0	40.0	2.0	40.0			1.0	20.0
	More than 5 years	Section 3.5	1.0	20.0	2.0	40.0	1.0	20.0	1.0	20.0
	More than 10 years	Section 3.5	1.0	7.1	2.0	14.3	8.0	57.1	3.0	21.4

Table 11 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.6 Year 1

			Yes		No		Don't Know	
			Count	%	Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 3.6 (Year 1)	4.0	**28.6**	9.0	**64.3**	1.0	**7.1**
	Partnership	Section 3.6 (Year 1)	1.0	**25.0**	3.0	**75.0**		
	Close Corporation	Section 3.6 (Year 1)	3.0	**33.3**	5.0	**55.6**	1.0	**11.1**
	Pty Limited	Section 3.6 (Year 1)			1.0	**100.0**		
	Joint Venture				1.0	**100.0**		
Section 1.3	**Clothing**	Section 3.6 (Year 1)	2.0	**33.3**	4.0	**66.7**		
	Shoes	Section 3.6 (Year 1)			1.0	**100.0**		
	Fruit & Vegetables	Section 3.6 (Year 1)			2.0	**100.0**		
	Home Items	Section 3.6 (Year 1)	1.0	**20.0**	3.0	**60.0**	1.0	**20.0**
	Other		5.0	**33.3**	9.0	**60.0**	1.0	**6.7**
Section 1.4	**0-1 year**	Section 3.6 (Year 1)	1.0	**100.0**				
	2-3 years	Section 3.6 (Year 1)	1.0	**20.0**	3.0	**60.0**	1.0	**20.0**
	4-5 years	Section 3.6 (Year 1)	2.0	**40.0**	3.0	**60.0**		
	More than 5 years	Section 3.6 (Year 1)	1.0	**25.0**	3.0	**75.0**		
	More than 10 years	Section 3.6 (Year 1)	3.0	**21.4**	10.0	**71.4**	1.0	**7.1**

Table 12 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.6 Year 2

			Yes		No		Don't Know	
			Count	%	Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 3.6 (Year 2)	1.0	**7.1**	12.0	**85.7**	1.0	**7.1**
	Partnership	Section 3.6 (Year 2)	2.0	**50.0**	2.0	**50.0**		
	Close Corporation	Section 3.6 (Year 2)	3.0	**33.3**	5.0	**55.6**	1.0	**11.1**
	Pty Limited	Section 3.6 (Year 2)			1.0	**100.0**		
	Joint Venture				1.0	**100.0**		
Section 1.3	**Clothing**	Section 3.6 (Year 2)	1.0	**16.7**	5.0	**83.3**		
	Shoes	Section 3.6 (Year 2)			1.0	**100.0**		
	Fruit & Vegetables	Section 3.6 (Year 2)	1.0	**50.0**	1.0	**50.0**		
	Home Items	Section 3.6 (Year 2)			4.0	**80.0**	1.0	**20.0**
	Other		4.0	**26.7**	10.0	**66.7**	1.0	**6.7**
Section 1.4	**0-1 year**	Section 3.6 (Year 2)			1.0	**100.0**		
	2-3 years	Section 3.6 (Year 2)	1.0	**20.0**	3.0	**60.0**	1.0	**20.0**
	4-5 years	Section 3.6 (Year 2)	2.0	**40.0**	3.0	**60.0**		
	More than 5 years	Section 3.6 (Year 2)			4.0	**100.0**		
	More than 10 years	Section 3.6 (Year 2)	3.0	**21.4**	10.0	**71.4**	1.0	**7.1**

Table 13 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.6 Year 3

			Yes		No		Don't Know	
			Count	%	Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 3.6 (Year 3)	4.0	**30.8**	8.0	**61.5**	1.0	**7.7**
	Partnership	Section 3.6 (Year 3)	1.0	**25.0**	3.0	**75.0**		
	Close Corporation	Section 3.6 (Year 3)	5.0	**50.0**	4.0	**40.0**	1.0	**10.0**
	Pty Limited	Section 3.6 (Year 3)			1.0	**100.0**		
	Joint Venture				1.0	**100.0**		
Section 1.3	**Clothing**	Section 3.6 (Year 3)	2.0	**33.3**	4.0	**66.7**		
	Shoes	Section 3.6 (Year 3)	1.0	**100.0**				
	Fruit & Vegetables	Section 3.6 (Year 3)	1.0	**33.3**	2.0	**66.7**		
	Home Items	Section 3.6 (Year 3)	1.0	**25.0**	2.0	**50.0**	1.0	**25.0**
	Other		5.0	**33.3**	9.0	**60.0**	1.0	**6.7**
Section 1.4	**0-1 year**	Section 3.6 (Year 3)	1.0	**100.0**				
	2-3 years	Section 3.6 (Year 3)	1.0	**25.0**	2.0	**50.0**	1.0	**25.0**
	4-5 years	Section 3.6 (Year 3)	3.0	**60.0**	2.0	**40.0**		
	More than 5 years	Section 3.6 (Year 3)	2.0	**40.0**	3.0	**60.0**		
	More than 10 years	Section 3.6 (Year 3)	3.0	**21.4**	10.0	**71.4**	1.0	**7.1**

Table 14 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.7

			Yes		No		Other	
			Count	%	Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 3.7	12.0	**85.7**			2.0	**14.3**
	Partnership	Section 3.7	4.0	**100.0**				
	Close Corporation	Section 3.7	8.0	**80.0**	2.0	**20.0**		
	Pty Limited	Section 3.7	1.0	**100.0**				
	Joint Venture		1.0	**100.0**				
Section 1.3	**Clothing**	Section 3.7	6.0	**100.0**				
	Shoes	Section 3.7	1.0	**100.0**				
	Fruit & Vegetables	Section 3.7	2.0	**66.7**			1.0	**33.3**
	Home Items	Section 3.7	4.0	**80.0**			1.0	**20.0**
	Other		13.0	**86.7**	2.0	**13.3**		
Section 1.4	**0-1 year**	Section 3.7	1.0	**100.0**				
	2-3 years	Section 3.7	4.0	**80.0**			1.0	**20.0**
	4-5 years	Section 3.7	4.0	**80.0**	1.0	**20.0**		
	More than 5 years	Section 3.7	5.0	**100.0**				
	More than 10 years	Section 3.7	12.0	**85.7**	1.0	**7.1**	1.0	**7.1**

Table 15 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.8

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 3.8	7.0	50.0	7.0	50.0
	Partnership	Section 3.8	1.0	25.0	3.0	75.0
	Close Corporation	Section 3.8	3.0	30.0	7.0	70.0
	Pty Limited	Section 3.8	1.0	100.0		
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Section 3.8	2.0	33.3	4.0	66.7
	Shoes	Section 3.8			1.0	100.0
	Fruit & Vegetables	Section 3.8	2.0	66.7	1.0	33.3
	Home Items	Section 3.8	3.0	60.0	2.0	40.0
	Other		6.0	40.0	9.0	60.0
Section 1.4	0-1 year	Section 3.8	1.0	100.0		
	2-3 years	Section 3.8	1.0	20.0	4.0	80.0
	4-5 years	Section 3.8	2.0	40.0	3.0	60.0
	More than 5 years	Section 3.8	1.0	20.0	4.0	80.0
	More than 10 years	Section 3.8	8.0	57.1	6.0	42.9

Table 16 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.9

			Monthly		Only as Needed	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 3.9	11.0	78.6	3.0	21.4
	Partnership	Section 3.9	3.0	75.0	1.0	25.0
	Close Corporation	Section 3.9	8.0	80.0	2.0	20.0
	Pty Limited	Section 3.9	1.0	100.0		
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Section 3.9	5.0	83.3	1.0	16.7
	Shoes	Section 3.9	1.0	100.0		
	Fruit & Vegetables	Section 3.9	2.0	66.7	1.0	33.3
	Home Items	Section 3.9	3.0	60.0	2.0	40.0
	Other		13.0	86.7	2.0	13.3
Section 1.4	0-1 year	Section 3.9	1.0	100.0		
	2-3 years	Section 3.9	3.0	60.0	2.0	40.0
	4-5 years	Section 3.9	4.0	80.0	1.0	20.0
	More than 5 years	Section 3.9	4.0	80.0	1.0	20.0
	More than 10 years	Section 3.9	12.0	85.7	2.0	14.3

Table 17 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 3.10

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 3.10	12.0	85.7	2.0	14.3
	Partnership	Section 3.10	4.0	100.0		
	Close Corporation	Section 3.10	10.0	100.0		
	Pty Limited	Section 3.10	1.0	100.0		
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Section 3.10	4.0	66.7	2.0	33.3
	Shoes	Section 3.10	1.0	100.0		
	Fruit & Vegetables	Section 3.10	3.0	100.0		
	Home Items	Section 3.10	5.0	100.0		
	Other		15.0	100.0		
Section 1.4	0-1 year	Section 3.10	1.0	100.0		
	2-3 years	Section 3.10	5.0	100.0		
	4-5 years	Section 3.10	4.0	80.0	1.0	20.0
	More than 5 years	Section 3.10	5.0	100.0		
	More than 10 years	Section 3.10	13.0	92.9	1.0	7.1

Table 18 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.1

			Family Person		Separate Bookkeeper		Accountant of the Company		Other	
			Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 4.1	6.0	42.9	2.0	14.3	5.0	35.7	1.0	7.1
	Partnership	Section 4.1	2.0	50.0	1.0	25.0	1.0	25.0		
	Close Corporation	Section 4.1			3.0	30.0	6.0	60.0	1.0	10.0
	Pty Limited	Section 4.1	1.0	100.0						
	Joint Venture						1.0	100.0		
Section 1.3	Clothing	Section 4.1	3.0	50.0			3.0	50.0		
	Shoes	Section 4.1	1.0	100.0						
	Fruit & Vegetables	Section 4.1			2.0	66.7	1.0	33.3		
	Home Items	Section 4.1	2.0	40.0			2.0	40.0	1.0	20.0
	Other		3.0	20.0	4.0	26.7	7.0	46.7	1.0	6.7
Section 1.4	0-1 year	Section 4.1	1.0	100.0						
	2-3 years	Section 4.1	2.0	40.0			2.0	40.0	1.0	20.0
	4-5 years	Section 4.1	1.0	20.0	3.0	60.0	1.0	20.0		
	More than 5 years	Section 4.1	3.0	60.0	2.0	40.0				
	More than 10 years	Section 4.1	2.0	14.3	1.0	7.1	10.0	71.4	1.0	7.1

Table 19 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.2

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 4.2	7.0	50.0	7.0	50.0
	Partnership	Section 4.2	3.0	75.0	1.0	25.0
	Close Corporation	Section 4.2	8.0	80.0	2.0	20.0
	Pty Limited	Section 4.2	1.0	100.0		
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Section 4.2	4.0	66.7	2.0	33.3
	Shoes	Section 4.2			1.0	100.0
	Fruit & Vegetables	Section 4.2	2.0	66.7	1.0	33.3
	Home Items	Section 4.2	2.0	40.0	3.0	60.0
	Other		12.0	80.0	3.0	20.0
Section 1.4	0-1 year	Section 4.2			1.0	100.0
	2-3 years	Section 4.2	3.0	60.0	2.0	40.0
	4-5 years	Section 4.2	4.0	80.0	1.0	20.0
	More than 5 years	Section 4.2	2.0	40.0	3.0	60.0
	More than 10 years	Section 4.2	11.0	78.6	3.0	21.4

Table 20: Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.3

			>5 years		2-4 years		<1 year		None		Other	
			Count	%	Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 4.3	11.0	78.6	1.0	7.1	1.0	7.1			1.0	7.1
	Partnership	Section 4.3	2.0	50.0					1.0	25.0	1.0	25.0
	Close Corporation	Section 4.3	4.0	40.0	3.0	30.0	1.0	10.0	2.0	20.0		
	Pty Limited	Section 4.3	1.0	100.0								
	Joint Venture		1.0	100.0								
Section 1.3	Clothing	Section 4.3	3.0	50.0			1.0	16.7	1.0	16.7	1.0	16.7
	Shoes	Section 4.3	1.0	100.0								
	Fruit & Vegetables	Section 4.3	3.0	100.0								
	Home Items	Section 4.3	2.0	40.0	2.0	40.0					1.0	20.0
	Other		10.0	66.7	2.0	13.3	1.0	6.7	2.0	13.3		
Section 1.4	0-1 year	Section 4.3	1.0	100.0								
	2-3 years	Section 4.3	2.0	40.0	2.0	40.0					1.0	20.0
	4-5 years	Section 4.3	3.0	60.0					1.0	20.0	1.0	20.0
	More than 5 years	Section 4.3	5.0	100.0								
	More than 10 years	Section 4.3	8.0	57.1	2.0	14.3	2.0	14.3	2.0	14.3		

Table 21 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.4

			0-5 hours		6-9 hours		10-13 hours		Don't Know	
			Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 4.4	2.0	14.3	5.0	35.7	6.0	42.9	1.0	7.1
	Partnership	Section 4.4			4.0	100.0				
	Close Corporation	Section 4.4	1.0	10.0	7.0	70.0	2.0	20.0		
	Pty Limited	Section 4.4			1.0	100.0				
	Joint Venture				1.0	100.0				
Section 1.3	Clothing	Section 4.4			3.0	50.0	3.0	50.0		
	Shoes	Section 4.4			1.0	100.0				
	Fruit & Vegetables	Section 4.4			2.0	66.7	1.0	33.3		
	Home Items	Section 4.4	2.0	40.0	1.0	20.0	1.0	20.0	1.0	20.0
	Other		1.0	6.7	11.0	73.3	3.0	20.0		
Section 1.4	0-1 year	Section 4.4	1.0	100.0						
	2-3 years	Section 4.4	1.0	20.0	3.0	60.0	1.0	20.0		
	4-5 years	Section 4.4	1.0	20.0	3.0	60.0	1.0	20.0		
	More than 5 years	Section 4.4			4.0	80.0	1.0	20.0		
	More than 10 years	Section 4.4			8.0	57.1	5.0	35.7	1.0	7.1

Table 22 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.5

			Any Family Member		Staff Member		Never Away		Other	
			Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 4.5	8.0	57.1	5.0	35.7	1.0	7.1		
	Partnership	Section 4.5	2.0	50.0	2.0	50.0				
	Close Corporation	Section 4.5	3.0	30.0	4.0	40.0	2.0	20.0	1.0	10.0
	Pty Limited	Section 4.5			1.0	100.0				
	Joint Venture				1.0	100.0				
Section 1.3	Clothing	Section 4.5	4.0	66.7	2.0	33.3				
	Shoes	Section 4.5	1.0	100.0						
	Fruit & Vegetables	Section 4.5	2.0	66.7	1.0	33.3				
	Home Items	Section 4.5	2.0	40.0	2.0	40.0	1.0	20.0		
	Other		4.0	26.7	8.0	53.3	2.0	13.3	1.0	6.7
Section 1.4	0-1 year	Section 4.5			1.0	100.0				
	2-3 years	Section 4.5	3.0	60.0	2.0	40.0				
	4-5 years	Section 4.5	3.0	60.0	1.0	20.0	1.0	20.0		
	More than 5 years	Section 4.5	3.0	60.0	2.0	40.0				
	More than 10 years	Section 4.5	4.0	28.6	7.0	50.0	2.0	14.3	1.0	7.1

Table 23 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.6

			<=5		6 to 20		21 to 50	
			Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 4.6	11.0	84.6	2.0	15.4		
	Partnership	Section 4.6	4.0	100.0				
	Close Corporation	Section 4.6	4.0	40.0	4.0	40.0	2.0	20.0
	Pty Limited	Section 4.6					1.0	100.0
	Joint Venture				1.0	100.0		
Section 1.3	Clothing	Section 4.6	5.0	100.0				
	Shoes	Section 4.6	1.0	100.0				
	Fruit & Vegetables	Section 4.6	3.0	100.0				
	Home Items	Section 4.6	3.0	60.0	1.0	20.0	1.0	20.0
	Other		7.0	46.7	6.0	40.0	2.0	13.3
Section 1.4	0-1 year	Section 4.6	1.0	100.0				
	2-3 years	Section 4.6	4.0	80.0	1.0	20.0		
	4-5 years	Section 4.6	5.0	100.0				
	More than 5 years	Section 4.6	4.0	80.0	1.0	20.0		
	More than 10 years	Section 4.6	5.0	38.5	5.0	38.5	3.0	23.1

Table 24 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.7

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 4.7	13.0	100.0		
	Partnership	Section 4.7	4.0	100.0		
	Close Corporation	Section 4.7	7.0	70.0	3.0	30.0
	Pty Limited	Section 4.7	1.0	100.0		
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Section 4.7	5.0	100.0		
	Shoes	Section 4.7	1.0	100.0		
	Fruit & Vegetables	Section 4.7	3.0	100.0		
	Home Items	Section 4.7	4.0	80.0	1.0	20.0
	Other		13.0	86.7	2.0	13.3
Section 1.4	0-1 year	Section 4.7	1.0	100.0		
	2-3 years	Section 4.7	4.0	100.0		
	4-5 years	Section 4.7	4.0	80.0	1.0	20.0
	More than 5 years	Section 4.7	5.0	100.0		
	More than 10 years	Section 4.7	12.0	85.7	2.0	14.3

Table 25 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.8

			Yes		No		Not Applicable	
			Count	%	Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 4.8	2.0	**15.4**	8.0	**61.5**	3.0	**23.1**
	Partnership	Section 4.8			4.0	**100.0**		
	Close Corporation	Section 4.8			8.0	**80.0**	2.0	**20.0**
	Pty Limited	Section 4.8			1.0	**100.0**		
	Joint Venture				1.0	**100.0**		
Section 1.3	**Clothing**	Section 4.8	1.0	**20.0**	4.0	**80.0**		
	Shoes	Section 4.8	1.0	**100.0**				
	Fruit & Vegetables	Section 4.8			2.0	**66.7**	1.0	**33.3**
	Home Items	Section 4.8			2.0	**40.0**	3.0	**60.0**
	Other				14.0	**93.3**	1.0	**6.7**
Section 1.4	**0-1 year**	Section 4.8			1.0	**100.0**		
	2-3 years	Section 4.8	1.0	**20.0**	2.0	**40.0**	2.0	**40.0**
	4-5 years	Section 4.8			5.0	**100.0**		
	More than 5 years	Section 4.8	1.0	**20.0**	4.0	**80.0**		
	More than 10 years	Section 4.8			10.0	**76.9**	3.0	**23.1**

Table 26 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.9

			Yes		No		Not Applicable	
			Count	%	Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 4.9	7.0	**50.0**	6.0	**42.9**	1.0	**7.1**
	Partnership	Section 4.9	3.0	**75.0**			1.0	**25.0**
	Close Corporation	Section 4.9	6.0	**60.0**	3.0	**30.0**	1.0	**10.0**
	Pty Limited	Section 4.9	1.0	**100.0**				
	Joint Venture				1.0	**100.0**		
Section 1.3	**Clothing**	Section 4.9	4.0	**66.7**	2.0	**33.3**		
	Shoes	Section 4.9	1.0	**100.0**				
	Fruit & Vegetables	Section 4.9	3.0	**100.0**				
	Home Items	Section 4.9			3.0	**60.0**	2.0	**40.0**
	Other		9.0	**60.0**	5.0	**33.3**	1.0	**6.7**
Section 1.4	**0-1 year**	Section 4.9			1.0	**100.0**		
	2-3 years	Section 4.9			4.0	**80.0**	1.0	**20.0**
	4-5 years	Section 4.9	5.0	**100.0**				
	More than 5 years	Section 4.9	4.0	**80.0**	1.0	**20.0**		
	More than 10 years	Section 4.9	8.0	**57.1**	4.0	**28.6**	2.0	**14.3**

Table 27 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.10

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 4.10	2.0	14.3	12.0	85.7
	Partnership	Section 4.10			4.0	100.0
	Close Corporation	Section 4.10	1.0	11.1	8.0	88.9
	Pty Limited	Section 4.10			1.0	100.0
	Joint Venture				1.0	100.0
Section 1.3	Clothing	Section 4.10	1.0	16.7	5.0	83.3
	Shoes	Section 4.10			1.0	100.0
	Fruit & Vegetables	Section 4.10			2.0	100.0
	Home Items	Section 4.10	2.0	40.0	3.0	60.0
	Other				15.0	100.0
Section 1.4	0-1 year	Section 4.10			1.0	100.0
	2-3 years	Section 4.10	2.0	40.0	3.0	60.0
	4-5 years	Section 4.10			5.0	100.0
	More than 5 years	Section 4.10			4.0	100.0
	More than 10 years	Section 4.10	1.0	7.1	13.0	92.9

Table 28 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.11-Increase Profits

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Increase Profits	9.0	64.3	5.0	35.7
	Partnership	Increase Profits			4.0	100.0
	Close Corporation	Increase Profits	3.0	30.0	7.0	70.0
	Pty Limited	Increase Profits	1.0	100.0		
	Joint Venture				1.0	100.0
Section 1.3	Clothing	Increase Profits	2.0	33.3	4.0	66.7
	Shoes	Increase Profits	1.0	100.0		
	Fruit & Vegetables	Increase Profits			3.0	100.0
	Home Items	Increase Profits	3.0	60.0	2.0	40.0
	Other		7.0	46.7	8.0	53.3
Section 1.4	0-1 year	Increase Profits	1.0	100.0		
	2-3 years	Increase Profits	2.0	40.0	3.0	60.0
	4-5 years	Increase Profits	1.0	20.0	4.0	80.0
	More than 5 years	Increase Profits	4.0	80.0	1.0	20.0
	More than 10 years	Increase Profits	5.0	35.7	9.0	64.3

Table 29 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.11-Wealth of Manager

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Wealth of Manager	1.0	7.1	13.0	92.9
	Partnership	Wealth of Manager	1.0	25.0	3.0	75.0
	Close Corporation	Wealth of Manager			10.0	100.0
	Pty Limited	Wealth of Manager			1.0	100.0
	Joint Venture				1.0	100.0
Section 1.3	Clothing	Wealth of Manager			6.0	100.0
	Shoes	Wealth of Manager			1.0	100.0
	Fruit & Vegetables	Wealth of Manager	2.0	66.7	1.0	33.3
	Home Items	Wealth of Manager			5.0	100.0
	Other				15.0	100.0
Section 1.4	0-1 year	Wealth of Manager			1.0	100.0
	2-3 years	Wealth of Manager			5.0	100.0
	4-5 years	Wealth of Manager	1.0	20.0	4.0	80.0
	More than 5 years	Wealth of Manager			5.0	100.0
	More than 10 years	Wealth of Manager	1.0	7.1	13.0	92.9

Table 30 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.11-Survival of Firm

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Survival of the Firm	5.0	35.7	9.0	64.3
	Partnership	Survival of the Firm	3.0	75.0	1.0	25.0
	Close Corporation	Survival of the Firm	7.0	70.0	3.0	30.0
	Pty Limited	Survival of the Firm			1.0	100.0
	Joint Venture				1.0	100.0
Section 1.3	Clothing	Survival of the Firm	4.0	66.7	2.0	33.3
	Shoes	Survival of the Firm			1.0	100.0
	Fruit & Vegetables	Survival of the Firm	1.0	33.3	2.0	66.7
	Home Items	Survival of the Firm	3.0	60.0	2.0	40.0
	Other		7.0	46.7	8.0	53.3
Section 1.4	0-1 year	Survival of the Firm			1.0	100.0
	2-3 years	Survival of the Firm	4.0	80.0	1.0	20.0
	4-5 years	Survival of the Firm	3.0	60.0	2.0	40.0
	More than 5 years	Survival of the Firm	1.0	20.0	4.0	80.0
	More than 10 years	Survival of the Firm	7.0	50.0	7.0	50.0

Table 31 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.11-Do not have goals

			No	
			Count	%
Section 1.2	Sole Proprietorship	Do not have Goals	14.0	100.0
	Partnership	Do not have Goals	4.0	100.0
	Close Corporation	Do not have Goals	10.0	100.0
	Pty Limited	Do not have Goals	1.0	100.0
	Joint Venture		1.0	100.0
Section 1.3	Clothing	Do not have Goals	6.0	100.0
	Shoes	Do not have Goals	1.0	100.0
	Fruit & Vegetables	Do not have Goals	3.0	100.0
	Home Items	Do not have Goals	5.0	100.0
	Other		15.0	100.0
Section 1.4	0-1 year	Do not have Goals	1.0	100.0
	2-3 years	Do not have Goals	5.0	100.0
	4-5 years	Do not have Goals	5.0	100.0
	More than 5 years	Do not have Goals	5.0	100.0
	More than 10 years	Do not have Goals	14.0	100.0

Table 32 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 4.11-Other

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Other			14.0	100.0
	Partnership	Other			4.0	100.0
	Close Corporation	Other			10.0	100.0
	Pty Limited	Other			1.0	100.0
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Other			6.0	100.0
	Shoes	Other			1.0	100.0
	Fruit & Vegetables	Other			3.0	100.0
	Home Items	Other			5.0	100.0
	Other		1.0	6.7	14.0	93.3
Section 1.4	0-1 year	Other			1.0	100.0
	2-3 years	Other			5.0	100.0
	4-5 years	Other			5.0	100.0
	More than 5 years	Other			5.0	100.0
	More than 10 years	Other	1.0	7.1	13.0	92.9

Table 33 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 5.1

			Weekly		Monthly		Yearly		Never	
			Count	%	Count	%	Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 5.1	1.0	7.1	5.0	35.7			8.0	57.1
	Partnership	Section 5.1			2.0	50.0			2.0	50.0
	Close Corporation	Section 5.1	2.0	20.0	3.0	30.0	1.0	10.0	4.0	40.0
	Pty Limited	Section 5.1			1.0	100.0				
	Joint Venture		1.0	100.0						
Section 1.3	Clothing	Section 5.1			3.0	50.0			3.0	50.0
	Shoes	Section 5.1							1.0	100.0
	Fruit & Vegetables	Section 5.1							3.0	100.0
	Home Items	Section 5.1	1.0	20.0	2.0	40.0			2.0	40.0
	Other		3.0	20.0	6.0	40.0	1.0	6.7	5.0	33.3
Section 1.4	0-1 year	Section 5.1			1.0	100.0				
	2-3 years	Section 5.1			2.0	40.0			3.0	60.0
	4-5 years	Section 5.1	1.0	20.0	1.0	20.0			3.0	60.0
	More than 5 years	Section 5.1	1.0	20.0			1.0	20.0	3.0	60.0
	More than 10 years	Section 5.1	2.0	14.3	7.0	50.0			5.0	35.7

Table 34 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 5.2

			Yes		No	
			Count	%	Count	%
Section 1.2	Sole Proprietorship	Section 5.2	12.0	85.7	2.0	14.3
	Partnership	Section 5.2	4.0	100.0		
	Close Corporation	Section 5.2	9.0	100.0		
	Pty Limited	Section 5.2	1.0	100.0		
	Joint Venture		1.0	100.0		
Section 1.3	Clothing	Section 5.2	6.0	100.0		
	Shoes	Section 5.2	1.0	100.0		
	Fruit & Vegetables	Section 5.2	2.0	100.0		
	Home Items	Section 5.2	4.0	80.0	1.0	20.0
	Other		14.0	93.3	1.0	6.7
Section 1.4	0-1 year	Section 5.2	1.0	100.0		
	2-3 years	Section 5.2	4.0	80.0	1.0	20.0
	4-5 years	Section 5.2	5.0	100.0		
	More than 5 years	Section 5.2	3.0	75.0	1.0	25.0
	More than 10 years	Section 5.2	14.0	100.0		

Table 35 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 5.3

			Yes		No		Don't Know	
			Count	%	Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 5.3	2.0	**14.3**	12.0	**85.7**		
	Partnership	Section 5.3	1.0	**33.3**	2.0	**66.7**		
	Close Corporation	Section 5.3	3.0	**33.3**	5.0	**55.6**	1.0	**11.1**
	Pty Limited	Section 5.3	1.0	**100.0**				
	Joint Venture				1.0	**100.0**		
Section 1.3	**Clothing**	Section 5.3			5.0	**100.0**		
	Shoes	Section 5.3			1.0	**100.0**		
	Fruit & Vegetables	Section 5.3			2.0	**100.0**		
	Home Items	Section 5.3	1.0	**20.0**	4.0	**80.0**		
	Other		6.0	**40.0**	8.0	**53.3**	1.0	**6.7**
Section 1.4	**0-1 year**	Section 5.3			1.0	**100.0**		
	2-3 years	Section 5.3			5.0	**100.0**		
	4-5 years	Section 5.3	1.0	**20.0**	4.0	**80.0**		
	More than 5 years	Section 5.3	1.0	**25.0**	3.0	**75.0**		
	More than 10 years	Section 5.3	5.0	**38.5**	7.0	**53.8**	1.0	**7.7**

Table 36 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 5.4

			By Everyone		By Age		By Location		By Social Group		By Life Style	
			Count	%	Count	%	Count	%	Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 5.4	5.0	**35.7**	1.0	**7.1**	4.0	**28.6**			4.0	**28.6**
	Partnership	Section 5.4	2.0	**50.0**			1.0	**25.0**			1.0	**25.0**
	Close Corporation	Section 5.4	6.0	**66.7**			2.0	**22.2**	1.0	**11.1**		
	Pty Limited	Section 5.4					1.0	**100.0**				
	Joint Venture		1.0	**100.0**								
Section 1.3	**Clothing**	Section 5.4	3.0	**50.0**			1.0	**16.7**			2.0	**33.3**
	Shoes	Section 5.4									1.0	**100.0**
	Fruit & Vegetables	Section 5.4	1.0	**50.0**							1.0	**50.0**
	Home Items	Section 5.4	2.0	**40.0**	1.0	**20.0**	2.0	**40.0**				
	Other		8.0	**53.3**			5.0	**33.3**	1.0	**6.7**	1.0	**6.7**
Section 1.4	**0-1 year**	Section 5.4					1.0	**100.0**				
	2-3 years	Section 5.4	2.0	**40.0**	1.0	**20.0**	1.0	**20.0**			1.0	**20.0**
	4-5 years	Section 5.4	2.0	**40.0**			2.0	**40.0**			1.0	**20.0**
	More than 5 years	Section 5.4	2.0	**50.0**							2.0	**50.0**
	More than 10 years	Section 5.4	8.0	**57.1**			4.0	**28.6**	1.0	**7.1**	1.0	**7.1**

Table 37 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 5.5

			Yes		No	
			Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 5.5	1.0	**7.1**	13.0	**92.9**
	Partnership	Section 5.5			4.0	**100.0**
	Close Corporation	Section 5.5	3.0	**33.3**	6.0	**66.7**
	Pty Limited	Section 5.5	1.0	**100.0**		
	Joint Venture				1.0	**100.0**
Section 1.3	**Clothing**	Section 5.5			6.0	**100.0**
	Shoes	Section 5.5			1.0	**100.0**
	Fruit & Vegetables	Section 5.5			2.0	**100.0**
	Home Items	Section 5.5	1.0	**20.0**	4.0	**80.0**
	Other		4.0	**26.7**	11.0	**73.3**
Section 1.4	**0-1 year**	Section 5.5			1.0	**100.0**
	2-3 years	Section 5.5			5.0	**100.0**
	4-5 years	Section 5.5			5.0	**100.0**
	More than 5 years	Section 5.5	1.0	**25.0**	3.0	**75.0**
	More than 10 years	Section 5.5	4.0	**28.6**	10.0	**71.4**

Table 38 : Showing Cross Tabulation of Section 1.2 , 1.3 , 1.4 with Section 6.1

			Yes		No	
			Count	%	Count	%
Section 1.2	**Sole Proprietorship**	Section 6.1	9.0	**64.3**	5.0	**35.7**
	Partnership	Section 6.1	3.0	**75.0**	1.0	**25.0**
	Close Corporation	Section 6.1	5.0	**55.6**	4.0	**44.4**
	Pty Limited	Section 6.1			1.0	**100.0**
	Joint Venture		1.0	**100.0**		
Section 1.3	**Clothing**	Section 6.1	5.0	**83.3**	1.0	**16.7**
	Shoes	Section 6.1			1.0	**100.0**
	Fruit & Vegetables	Section 6.1	1.0	**50.0**	1.0	**50.0**
	Home Items	Section 6.1	2.0	**40.0**	3.0	**60.0**
	Other		10.0	**66.7**	5.0	**33.3**
Section 1.4	**0-1 year**	Section 6.1			1.0	**100.0**
	2-3 years	Section 6.1	2.0	**40.0**	3.0	**60.0**
	4-5 years	Section 6.1	3.0	**60.0**	2.0	**40.0**
	More than 5 years	Section 6.1	3.0	**75.0**	1.0	**25.0**
	More than 10 years	Section 6.1	10.0	**71.4**	4.0	**28.6**

Appendix 4: **Chi Square Analysis**

EXTERNAL FACTORS

Section 2.1 - Inflation

Section 2.1

	Observed N	Expected N	Residual
>9%	14	16.2	-2.2
4%-9%	13	10.8	2.2
Total	27		

Test Statistics

	Variables
Statistics	Section 2.1
Chi-Square[a]	.747
df	1
Asymp. Sig.	.387

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 10.8.

Section 2.2 - Insurance against natural Disasters

Section 2.2

	Observed N	Expected N	Residual
Yes	12	16.8	-4.8
No	16	11.2	4.8
Total	28		

Test Statistics

	Section 2.2
Chi-Square[a]	3.429
df	1
Asymp. Sig.	.064

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 11.2.

Section 2.3 High Interest Rates on Loans

Section 2.3

	Observed N	Expected N	Residual
Yes	24	24.0	.0
No	6	6.0	.0
Total	30		

Test Statistics

	Section 2.3
Chi-Square[a]	.000
df	1
Asymp. Sig.	1.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 6.0.

Section 2.4 - Economic Change

Section 2.4

	Observed N	Expected N	Residual
Yes	21	21.0	.0
No	9	9.0	.0
Total	30		

Test Statistics

	Section 2.4
Chi-Square[a]	.000
df	1
Asymp. Sig.	1.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.0.

Section 2.5 - Union Problems

Section 2.5

	Observed N	Expected N	Residual
Yes	1	18.0	-17.0
No	29	12.0	17.0
Total	30		

Test Statistics

	Section 2.5
Chi-Square[a]	40.139
df	1
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 12.0.

Section 2.6 - Effect of wage laws and employment

Section 2.6

	Observed N	Expected N	Residual
Yes	6	17.4	-11.4
No	23	11.6	11.4
Total	29		

Test Statistics

	Section 2.6
Chi-Square[a]	18.672
df	1
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 11.6.

MONEY / FINANCE

Section 3.1- Preparation of Financial Statements

Section 3.1

	Observed N	Expected N	Residual
Monthly	10	3.0	7.0
Quarterly	2	.3	1.7
Annually	16	26.4	-10.4
Only as Needed	2	.3	1.7
Total	30		

Test Statistics

	Section 3.1
Chi-Square[a]	39.697
df	3
Asymp. Sig.	.000

a. 3 cells (75.0%) have expected frequencies less than 5. The minimum expected cell frequency is .3.

Section 3.2 - Preparation of Cash Flow Statements

Section 3.2

	Observed N	Expected N	Residual
Monthly	16	3.0	13.0
Quarterly	4	.3	3.7
Annually	6	26.4	-20.4
Only as Needed	4	.3	3.7
Total	30		

Test Statistics

	Section 3.2
Chi-Square[a]	163.364
df	3
Asymp. Sig.	.000

a. 3 cells (75.0%) have expected frequencies less than 5. The minimum expected cell frequency is .3.

Section 3.3 - Analysis of Income and Expenditure

Section 3.3

	Observed N	Expected N	Residual
Monthly	26	3.0	23.0
Quarterly	1	3.0	-2.0
Only as Needed	3	24.0	-21.0
Total	30		

Test Statistics

	Section 3.3
Chi-Square[a]	196.042
df	2
Asymp. Sig.	.000

a. 2 cells (66.7%) have expected frequencies less than 5. The minimum expected cell frequency is 3.0.

Section 3.4 - Analysis of Debt Levels

Section 3.4

	Observed N	Expected N	Residual
0%-10%	16	1.5	14.5
10%-30%	6	6.0	.0
30%-50%	3	13.5	-10.5
60%+	1	6.0	-5.0
Don't Know	4	3.0	1.0
Total	30		

Test Statistics

	Section 3.4
Chi-Square[a]	152.833
df	4
Asymp. Sig.	.000

a. 2 cells (40.0%) have expected frequencies less than 5. The minimum expected cell frequency is 1.5.

Section 3.5 - Growth rates

Section 3.5

	Observed N	Expected N	Residual
<=2%	5	21.0	-16.0
>3% and <5%	7	3.0	4.0
>=6%	12	3.0	9.0
Don't Know	6	3.0	3.0
Total	30		

Test Statistics

	Section 3.5
Chi-Square[a]	47.524
df	3
Asymp. Sig.	.000

a. 3 cells (75.0%) have expected frequencies less than 5. The minimum expected cell frequency is 3.0.

Section 3.6. Year 1 - Financial Losses

Section 3.6 (Year 1)

	Observed N	Expected N	Residual
Yes	8	14.5	-6.5
No	19	8.7	10.3
Don't Know	2	5.8	-3.8
Total	29		

Test Statistics

	Section 3.6 (Year 1)
Chi-Square[a]	17.598
df	2
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 5.8.

Section 3.6 Year 2 - Financial Losses

Section 3.6 (Year 2)

	Observed N	Expected N	Residual
Yes	6	14.5	-8.5
No	21	8.7	12.3
Don't Know	2	5.8	-3.8
Total	29		

Test Statistics

	Section 3.6 (Year 2)
Chi-Square[a]	24.862
df	2
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 5.8.

Section 3.6 Year 3 - Financial Losses

Section 3.6 (Year 3)

	Observed N	Expected N	Residual
Yes	10	14.5	-4.5
No	17	8.7	8.3
Don't Know	2	5.8	-3.8
Total	29		

Test Statistics

	Section 3.6 (Year 3)
Chi-Square[a]	11.805
df	2
Asymp. Sig.	.003

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 5.8.

Section 3.7 - Tax Knowledge

Section 3.7

	Observed N	Expected N	Residual
Yes	26	9.0	17.0
No	2	18.0	-16.0
Other	2	3.0	-1.0
Total	30		

Test Statistics

	Section 3.7
Chi-Square[a]	46.667
df	2
Asymp. Sig.	.000

a. 1 cells (33.3%) have expected frequencies less than 5. The minimum expected cell frequency is 3.0.

Section 3.8 - Adequate finances for expansion

Section 3.8

	Observed N	Expected N	Residual
Yes	13	9.0	4.0
No	17	21.0	-4.0
Total	30		

Test Statistics

	Section 3.8
Chi-Square[a]	2.540
df	1
Asymp. Sig.	.111

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.0.

Section 3.9 - Revision of coatings on products

Section 3.9

	Observed N	Expected N	Residual
Monthly	24	1.5	22.5
Only as Needed	6	28.5	-22.5
Total	30		

Test Statistics

	Section 3.9
Chi-Square[a]	355.263
df	1
Asymp. Sig.	.000

a. 1 cells (50.0%) have expected frequencies less than 5. The minimum expected cell frequency is 1.5.

Section 3.10 - Drawings from Business

Section 3.10

	Observed N	Expected N	Residual
Yes	28	9.0	19.0
No	2	21.0	-19.0
Total	30		

Test Statistics

	Section 3.10
Chi-Square[a]	57.302
df	1
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.0.

MANAGEMENT FACTORS

Section 4.1 - Who Does Preparation of Financial Statements

Section 4.1

	Observed N	Expected N	Residual
Family Person	9	20.0	-11.0
Separate Bookkeeper	6	3.3	2.7
Accountant of the Company	13	3.3	9.7
Other	2	3.3	-1.3
Total	30		

Test Statistics

	Section 4.1
Chi-Square[a]	36.750
df	3
Asymp. Sig.	.000

a. 3 cells (75.0%) have expected frequencies less than 5. The minimum expected cell frequency is 3.3.

Section 4.2 - Skilled Personnel

Section 4.2

	Observed N	Expected N	Residual
Yes	20	9.0	11.0
No	10	21.0	-11.0
Total	30		

Test Statistics

	Section 4.2
Chi-Square[a]	19.206
df	1
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 9.0.

Section 4.3 - Managerial Experience

Section 4.3

	Observed N	Expected N	Residual
>5 years	19	4.5	14.5
2-4 years	4	4.5	-.5
<1 year	2	9.0	-7.0
None	3	9.0	-6.0
Other	2	3.0	-1.0
Total	30		

Test Statistics

	Section 4.3
Chi-Square[a]	56.556
df	4
Asymp. Sig.	.000

a. 3 cells (60.0%) have expected frequencies less than 5. The minimum expected cell frequency is 3.0.

Section 4.4 Time spent doing business activities

Section 4.4

	Observed N	Expected N	Residual
0-5 hours	3	9.0	-6.0
6-9 hours	18	18.0	.0
10-13 hours	8	1.5	6.5
Don't Know	1	1.5	-.5
Total			

Test Statistics

	Section 4.4
Chi-Square[a]	32.333
df	3
Asymp. Sig.	.000

a. 2 cells (50.0%) have expected frequencies less than 5. The minimum expected cell frequency is 1.5.

Section 4.5 - Delegation of Managerial Tasks

Section 4.5

	Observed N	Expected N	Residual
Any Family Member	13	13.5	-.5
Staff Member	13	13.5	-.5
Never Away	3	2.4	.6
Other	1	.6	.4
Total	30		

Test Statistics

	Section 4.5
Chi-Square[a]	.454
df	3
Asymp. Sig.	.929

a. 2 cells (50.0%) have expected frequencies less than 5. The minimum expected cell frequency is .6.

Section 4.6 - Number of Employees

Section 4.6

	Observed N	Expected N	Residual
<=5	19	11.6	7.4
6 to 20	7	8.7	-1.7
21 to 50	3	8.7	-5.7
Total	29		

Test Statistics

	Section 4.6
Chi-Square[a]	8.787
df	2
Asymp. Sig.	.012

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.7.

Section 4.7 - Record-keeping system

Section 4.7

	Observed N	Expected N	Residual
Yes	26	8.7	17.3
No	3	20.3	-17.3
Total	29		

Test Statistics

	Section 4.7
Chi-Square[a]	49.144
df	1
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.7.

Section 4.8 - Problems receiving inventory

Section 4.8

	Observed N	Expected N	Residual
Yes	2	17.4	-15.4
No	22	10.1	11.9
Not Applicable	5	1.5	3.5
Total	29		

Test Statistics

	Section 4.8
Chi-Square[a]	36.156
df	2
Asymp. Sig.	.000

a. 1 cells (33.3%) have expected frequencies less than 5. The minimum expected cell frequency is 1.5.

Section 4.9 - Timeousness of Debtors and Creditors payments

Section 4.9

	Observed N	Expected N	Residual
Yes	17	8.2	8.8
No	10	17.7	-7.7
Not Applicable	3	4.1	-1.1
Total	30		

Test Statistics

	Section 4.9
Chi-Square[a]	13.163
df	2
Asymp. Sig.	.001

a. 1 cells (33.3%) have expected frequencies less than 5. The minimum expected cell frequency is 4.1.

Section 4.10 - Absenteeism of Staff

Section 4.10

	Observed N	Expected N	Residual
Yes	3	14.5	-11.5
No	26	14.5	11.5
Total	29		

Test Statistics

	Section 4.10
Chi-Square[a]	18.241
df	1
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 14.5.

Section 4.11 Goal to Increase Profit

Increase Profits

	Observed N	Expected N	Residual
Yes	13	15.0	-2.0
No	17	15.0	2.0
Total	30		

Test Statistics

	Increase Profits
Chi-Square[a]	.533
df	1
Asymp. Sig.	.465

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.0.

Section 4.11 - Goal - Wealth of Manager

Wealth of Manager

	Observed N	Expected N	Residual
Yes	2	24.0	-22.0
No	28	6.0	22.0
Total	30		

Test Statistics

	Wealth of Manager
Chi-Square[a]	100.833
df	1
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 6.0.

Section 4.11 Goal - Survival of the Firm

Survival of the Firm

	Observed N	Expected N	Residual
Yes	15	18.0	-3.0
No	15	12.0	3.0
Total	30		

Test Statistics

	Survival of the Firm
Chi-Square[a]	1.250
df	1
Asymp. Sig.	.264

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 12.0.

MARKETING FACTORS

Section 5.1 - Frequency of Advertisement

Section 5.1

	Observed N	Expected N	Residual
Weekly	4	.3	3.7
Monthly	11	1.5	9.5
Yearly	1	12.0	-11.0
Never	14	16.2	-2.2
Total	30		

Test Statistics

	Section 5.1
Chi-Square [a]	116.182
df	3
Asymp. Sig.	.000

a. 2 cells (50.0%) have expected frequencies less than 5. The minimum expected cell frequency is .3.

Section 5.2. - Competitors in the Market

Section 5.2

	Observed N	Expected N	Residual
Yes	27	23.2	3.8
No	2	5.8	-3.8
Total	29		

Test Statistics

	Section 5.2
Chi-Square[a]	3.112
df	1
Asymp. Sig.	.078

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 5.8.

Section 5.3. Impact of Technology

Section 5.3

	Observed N	Expected N	Residual
Yes	7	8.4	-1.4
No	20	16.8	3.2
Don't Know	1	2.8	-1.8
Total	28		

Test Statistics

	Section 5.3
Chi-Square[a]	2.000
df	2
Asymp. Sig.	.368

a. 1 cells (33.3%) have expected frequencies less than 5. The minimum expected cell frequency is 2.8.

Section 5.4 - Target Market

Section 5.4

	Observed N	Expected N	Residual
By Everyone	14	11.6	2.4
By Age	1	4.3	-3.3
By Location	8	4.3	3.7
By Social Group	1	4.3	-3.3
By Life Style	5	4.3	.7
Total	29		

Test Statistics

	Section 5.4
Chi-Square[a]	8.816
df	4
Asymp. Sig.	.066

a. 4 cells (80.0%) have expected frequencies less than 5. The minimum expected cell frequency is 4.3.

Section 5.5

Section 5.5

	Observed N	Expected N	Residual
Yes	5	11.6	-6.6
No	24	17.4	6.6
Total	29		

Test Statistics

	Section 5.5
Chi-Square[a]	6.259
df	1
Asymp. Sig.	.012

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 11.6.

Section 6.1 - Other Factors affecting the Business

Section 6.1

	Observed N	Expected N	Residual
Yes	18	20.3	-2.3
No	11	8.7	2.3
Total	29		

Test Statistics

	Section 6.1
Chi-Square[a]	.869
df	1
Asymp. Sig.	.351

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.7.

Appendix 5

Table 1: Showing the response of small businesses by definition.

Section 1.1	Confirmation of Business Size and Definition			
		Frequency	Percent	Valid Percent
Valid	Yes	30	100	100

Appendix 6: Data from questionnaire Mapped according to numerical mapping rules: S = Section

S11	S1.2	S1.3	S1.3.1	S1.4	S2.1	S2.2	S2.3	S2.4	S2.5	S2.6
1	3	4		4			1	1	2	
1	1	6		4		1	2	2	2	2
1	3	6	Hardware	4	1	1	1	1	2	2
1	3	6	Hardware	5	1	2	2	1	1	2
1	2	6	Supermarket	5	2	1	1	1	2	2
1	1	4		5	2	2	1	1	2	1
1	1	1		3	2	2	1	1	2	2
1	3	6	Supermarket	5	2	2	1	1	2	1
1	1	1		5	2	2	1	2	2	2
1	3	6	Pharmacy	5	2	1	1	1	2	2
1	1	5		2	1	2	1	2	2	2
1	1	6	Supermarket	4	1	2	1	1	2	2
1	1	3		4	1	2	1	2	2	2
1	2	1		3	2	1	1	1	2	1
1	1	5		2	1	2	2	1	2	2
1	3	5		5	1	1	2	2	2	2
1	1	5		5	1	2	1	2	2	2
1	3	6	Supermarket	2	1	2	1	2	2	2
1	1	1		2	1	2	1	2	2	2
1	5	6	Petrol Station	5	1	1	2	2	2	1
1	2	4		3	2	2	1	1	2	1
1	3	6	Supermarket	5		1	2	1	2	2
1	1	5		1	1	2	1	1	2	2
1	3	6	Pharmacy	5	2	1	1	1	2	2
1	2	1		5	1	1	1	1	2	2
1	1	6	Hardware	5	2	1	1	1	2	2
1	1	6	Supermarket	3	2	2	1	1	2	2
1	3	6	Bakery	3	2		1	1	2	2
1	1	1		2	2	2	1	1	2	1
1	4	6	Dairy	5	1	1	1	1	2	2

S3.1	S3.2	S3.3	S3.4	S3.5	S3.6.1	S3.6.2	S3.6.3	S3.7	S3.8	S3.9	S3.10
1	1	1	6	4			1	1	2	4	1
1	1	1	1	3	2	2	2	1	1	1	1
3	2	1	2	2	2	2	2	1	2	1	1
1	1	1	1	3	2	2	2	1	1	1	1
3	2	1	2	2	1	1	2	1	2	1	1
3	1	1	1	4	2	2	2	3	1	1	1
3	1	1	1	2	1	2	2	1	1	1	2
3	4	3	1	3	1	1	1	1	2	1	1
3	3	1	3	3	2	2	2	1	1	1	2
3	3	2	3	3	1	1	1	1	2	1	1
1	1	1	2	3	2	2	2	1	2	1	1
2	1	1	1	2	1	2	2	1	2	1	1
3	1	1	2	1	2	2	1	1	2	1	1
3	2	1	1	2	2	2	1	1	2	1	1
4	2	1	1	3	2	2		3	2	4	1
1	1	1	1	2	2	2	2	1	1	1	1
1	4	1	6	3	3	3	3	1	1	4	1
1	4	1	6	3	3	3	3	1	1	4	1
2	1	1	1	2	2	2	2	1	2	1	1
1	1	1	1	3	2	2	2	1	1	1	1
1	1	1	1	1	2	1	2	1	1	1	1
3	1	1	1	4	2	2	1	2	2	1	1
4	1	1	6	4	1	2	1	1	1	1	1
3	3	1	1	3	2	2	2	1	2	1	1
3	3	1	1	1	2	2	2	1	2	4	1
3	3	1	2	3	2	2	2	1	1	1	1
3	1	1	2	1	2	2	1	1	2	4	1
3	3	3	3	4	1	1	1	2	2	1	1
3	4	3	5	1	1	1	1	1	2	1	1
1	1	1	1	4	2	2	2	1	1	1	1

S4.1	S4.2	S4.3	S4.4	S4.5	S4.6	S4.7	S4.8	S4.9	S4.10
2	1	1	2	1	1	1	2	1	
1	2	1	3	2	1	1	2	1	2
2	1	1	2	2	2	1	2	1	2
3	1	3	2	2	3	1	2	1	2
3	1	1	2	1	1	1	2	3	2
3	2	1	3	1	1	1	3	1	2
3	1	1	3	1	1	1	2	1	2
3	1	1	3	1	1	2	3	2	2
3	1	3	3	1		1		1	2
4	1	1	2	3	1	1	2	1	2
4	1	2	2	1	1	1	3	2	1
1	2	1	2	1	1	1	2	2	2
1	2	1	2	1	1	1	1	1	2
1	2	5	2	1	1	1	2	1	2
1	2	5	1	1	1	1	3	3	2
3	2	2	3	3	3	2	3	3	1
3	1	1	4	2	2	1	2	2	2
3	1	2	2	2	2	1	2	2	2
3	1	1	2	2	1	1	2	2	2
3	1	1	2	2	2	1	2	2	2
2	1	1	2	2	1	1	2	1	2
3	2	4	2	2	2	1	2	2	2
1	2	1	1	2	1	1	2	2	2
3	1	2	2	5	2	1	2	1	2
1	1	4	2	2	1	1	2	1	2
2	1	1	3	2	2	1	2	1	2
2	1	1	2	3	1	1	2	1	2
2	1	4	1	1	1	2	2	1	2
1	2	1	3	1	1		1	2	1
1	1	1	2	2	3	1	2	1	2

S4.11.1	S4.11.2	S4.11.3	S4.11.4	S4.11.5	S5.1	S5.2	S5.3	S5.4	S5.5
2	2	1	2	2	4				
1	2	2	2	2	1	2	1	5	1
1	2	2	2	2	3	1	2	1	2
2	2	1	2	2	2	1	2	3	2
2	2	1	2	2	2	1	1	3	2
2	1	2	2	2	4	1	2	5	2
1	2	2	2	2	4	1	2	3	2
2	2	1	2	2	4	1	1	3	1
1	2	2	2	2	2	1	2	1	2
2	2	1	2	2	2	1	2	1	2
1	2	1	2	2	4	1	2	2	2
1	2	2	2	2	4	1	2	1	2
1	2	2	2	2	4	1	2	5	2
2	2	1	2	2	2	1	2	5	2
2	2	1	2	2	4	2	2	3	2
2	2	1	2	2	1	1	2	1	1
1	2	2	2	2	2	1	1	1	2
1	2	2	2	2	2	1	2	1	2
2	2	1	2	2	2	1	2	5	2
2	2	2	2	1	1	1	2	1	2
2	1	2	2	2	4	1	2	1	2
1	2	2	2	2	4	1	1	1	1
1	2	2	2	2	2	1	2	3	2
2	2	1	2	2	4	1	3	4	2
2	2	1	2	2	4	1		1	2
1	2	2	2	2	2	1	2	1	2
2	2	1	2	2	4	1	2	3	2
2	2	1	2	2	1	1	1	1	2
2	2	1	2	2	4	1	2	1	2
1	2	2	2	2	2	1	1	3	1

S6.1	S6.2
1	Unemployment
1	Unemployment
2	
1	Unemployment
1	Unemployment
1	Unemployment
1	Unemployment
1	A/c with Customers
1	Dispensing Doctors, owner
2	
1	Unemployment
2	
1	Unemployment
1	Unemployment
1	Unemployment
2	
2	
2	
1	Unemployment
2	
2	
2	
1	General Economy
1	Unemployment
1	Unemployment
1	Unemployment
2	
1	Unemployment
2	

Appendix 7: Reliability Test on data

****** Method 1 (space saver) will be used for this analysis ******

RELIABILITY ANALYSIS - SCALE (ALPHA)

		Mean	Std Dev	Cases
1.	S11	1.0000	0000	22.0
2.	S1.2	2.0909	1.1916	22.0
3.	S1.3	5.0909	1.5708	22.0
4.	S1.4	3.9091	1.3060	22.0
5.	S2.1	1.4545	.5096	22.0
6.	S2.2	1.5909	.5032	22.0
7.	S2.3	1.1364	.3513	22.0
8.	S2.4	1.3182	.4767	22.0
9.	S2.5	1.9545	.2132	22.0
10.	S2.6	1.7727	.4289	22.0
11.	S3.1	2.2273	1.0204	22.0
12.	S3.2	1.8182	1.1396	22.0
13.	S3.3	1.1364	.4676	22.0
14.	S3.4	2.0455	1.7037	22.0
15.	S3.5	2.5455	.9117	22.0
16.	S3.6.1	1.8182	.5885	22.0
17.	S3.6.2	1.9091	.5264	22.0
18.	S3.6.3	1.8182	.5885	22.0
19.	S3.7	1.0909	.4264	22.0
20.	S3.8	1.5000	.5118	22.0
21.	S3.9	1.4091	1.0538	22.0
22.	S3.10	1.0455	.2132	22.0
23.	S4.1	2.4545	.9625	22.0
24.	S4.2	1.2727	.4558	22.0
25.	S4.3	1.4545	.9625	22.0
26.	S4.4	2.4091	.8541	22.0
27.	S4.5	1.9545	1.1329	22.0
28.	S4.6	1.5455	.7385	22.0
29.	S4.7	1.0909	.2942	22.0
30.	S4.8	2.1364	.4676	22.0
31.	S4.9	1.5455	.6710	22.0
32.	S4.10	2.0455	.3751	22.0
33.	S5.1	2.7727	1.1098	22.0
34.	S5.2	1.0000	.0000	22.0
35.	S5.3	1.8636	.4676	22.0
36.	S5.4	2.5455	1.5346	22.0
37.	S5.5	1.8636	.3513	22.0
38.	S6.1	1.4091	.5032	22.0

Statistics for	Mean	Variance	Std Dev	N of Variables
SCALE	71.0455	41.7597	6.4622	38

RELIABILITY ANALYSIS - SCALE (ALPHA)

Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
S11	70.0455	41.7597	.0000	.4065
S1.2	68.9545	39.1883	.0772	.4029
S1.3	65.9545	35.2835	.2148	.3643
S1.4	67.1364	37.9329	.1319	.3900
S2.1	69.5909	41.6818	-.0276	.4117
S2.2	69.4545	42.8312	-.2011	.4281
S2.3	69.9091	41.6104	.0057	.4073
S2.4	69.7273	41.0649	.0765	.4016
S2.5	69.0909	41.9913	-.1003	.4110
S2.6	69.2727	41.5411	.0063	.4077
S3.1	68.8182	43.5844	-.2127	.4570
S3.2	69.2273	32.5649	.6071	.2720
S3.3	69.9091	40.6580	.1481	.3952
S3.4	69.0000	36.3810	.1205	.3966
S3.5	68.5000	37.4048	.3160	.3570
S3.6.1	69.2273	38.8506	.3493	.3691
S3.6.2	69.1364	39.4567	.3064	.3774
S3.6.3	69.2273	39.8983	.2038	.3864
S3.7	69.9545	41.1883	.0712	.4024
S3.8	69.5455	42.2597	-.1145	.4202
S3.9	69.6364	36.6234	.3157	.3505
S3.10	70.0000	42.5714	-.3081	.4194
S4.1	68.5909	37.5866	.2751	.3628
S4.2	69.7727	42.8506	-.2176	.4273
S4.3	69.5909	40.0628	.0632	.4039
S4.4	68.6364	35.4805	.5455	.3176
S4.5	69.0909	35.5152	.3674	.3344
S4.6	69.5000	38.9286	.2480	.3757
S4.7	69.9545	40.9978	.1792	.3971
S4.8	68.9091	40.3723	.1967	.3907
S4.9	69.5000	41.3095	.0000	.4109
S4.10	69.0000	40.9524	.1389	.3977
S5.1	68.2727	44.6840	-.2801	.4755
S5.2	70.0455	41.7597	.0000	.4065
S5.3	69.1818	41.6797	-.0229	.4107
S5.4	68.5000	45.0238	-.2728	.5053
S5.5	69.1818	42.4416	-.1759	.4194
S6.1	69.6364	42.6234	-.1700	.4252

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 22.0 N of Items = 38

Alpha = .4062

Appendix 8: Questionnaire

SMALL BUSINESS SURVEY JULY 2003

We would greatly appreciate it if you would take some time to complete this questionnaire.

Your co-operation is sought in completing and returning the questionnaire and your completed questionnaire will remain confidential. TO ANSWER THE QUESTIONS PLEASE TICK ☑ THE APPROPRIATE BOX OR GIVE A WRITTEN RESPONSE WERE APPLICABLE.

Section 1 **GENERAL**

1 **A small business is defined as an organization with less than 50 employees, and an annual turnover of less than R15 million. ARE YOU A SMALL BUSINESS?**

1	YES	
2	NO	

If you are not a small business, please do not respond to the rest of the questions in this questionnaire.

2 **What legal identity do you operate under?**

1	Sole Proprietorship		
2	Partnership		
3	Close Corporation		
4	Pty Ltd		
5	Joint Venture		
6	Other, please specify		

3 **What type of business are you operating?**

1	Clothing		
2	Jewellery		
3	Shoes		
4	Fruit & Vegetables		
5	Home items		
6	Other, please specify		

4 **How long have you been operating your business?**

1	0-1 years	
2	2-3 years	
3	4-5 years	
4	More than 5 years but less than 10	
5	More than 10 years	

Section 2 EXTERNAL FACTORS

1 Inflation is expected to be at what level over the next twelve months?

1	>9%	
2	4% - 9%	
3	< 4%	
4	Other, please specify	

2 Is your company insured against natural disasters?

1	Yes	
2	No	

3 Are high interests rates on loans, creating difficulties in cash flow?

1	Yes	
2	No	

4 Is your business affected by the economic change e.g.. Recession?

1	Yes	
2	No	

5 Are you experiencing any union problems?

1	Yes	
2	No	

6 Has the new minimum wage laws or the Employment Equity Act affected your business?

1	Yes	
2	No	

Section 3 MONEY

1 How often do you prepare a balance sheet and income statement?

1	Monthly	
2	Quarterly	
3	Annually	
4	Only as Needed	
5	Never	

2 How often do you prepare a statement of cash flows?

1	Monthly	
2	Quarterly	
3	Annually	
4	Only as Needed	
5	Never	

3 How often do you analyse your income and expenditure?

1	Monthly	
2	Quarterly	
3	Only as Needed	
4	Never	

4 What percentage of total assets in your business is currently financed by debt?

1	0-10%	
2	10-30%	
3	30-50%	
4	50-60%	
5	60% +	
6	Don't know	

5 What is the growth rate of your small business?

1	<= 2%	
2	>3% and < 5%	
3	>= 6%	
4	Don't know	

6 Did your business make a loss over the last 3 years?

		Year 1	Year 2	Year 3
1	YES			
2	NO			
3	Don't know			

7 **Do you have any knowledge on tax?**

1	YES	
2	NO	
3	Other, please specify	

8 **Does your business have adequate finances for expansion?**

1	YES	
2	NO	

9 **How often do revise the pricing on the product or services provided?**

1	Monthly	
2	Quarterly	
3	Annually	
4	Only as Needed	
5	Never	

10 **Do you monitor the amount of money withdrawn from your business for personal use?**

1	YES	
2	NO	

Section 4 MANAGEMENT

1 Who is responsible for the preparation of your monthly, quarterly or yearly financial reports?

1	Family person		
2	Separate Bookkeeper		
3	Accountant of the company		
4	Other, please specify		

2 Do you have the appropriate skilled personnel for your business?

1	YES	
2	NO	
3	Don't know	

3 How many years of prior managerial experience does your management team have?

1	>5 years		
2	2-4 years		
3	<1year		
4	None		
5	Other, please specify		

4 How many hours in the day do you spend doing business activities?

1	0-5 hours	
2	6-9 hours	
3	10-13 hours	
4	Don't know	

5 To whom do you delegate managerial tasks when you are away?

1	Any Family member		
2	Staff member		
3	Never away		
4	Never delegate		
5	Other, please specify		

6 How many employees do you have in your business?

1	<=5	
2	6 to 20	
3	21 to 50	

7 Do you have a systematic record keeping system for expenses and income?

1	YES	
2	NO	

8 Are you experiencing problems receiving your inventory?

1	YES	
2	NO	
3	Not applicable	

9 Are debtors invoicing and payments occurring timeously?

1	YES	
2	NO	
3	Not applicable	

10 Do you have a high absenteeism of staff?

1	YES	
2	NO	

11 What is your company goals?

1	Increase Profits	
2	Wealth of the Manager	
3	Survival of the Firm	
4	Do not have goals	
5	Other, please specify	

Section 5 MARKETING

1 How often do you Advertise your products or services?

1	Weekly	
2	Monthly	
3	Yearly	
4	Never	

2 Are there many competitors in your market?

1	YES	
2	NO	

3 Is Technology advancements creating a gap between the products / services you deal in and the target market?

1	YES	
2	NO	
3	Don't know	

4 How would you define your target market by?

1	By Everyone		
2	By Age		
3	By Location		
4	By Social group		
5	By Life style		
6	Other, please specify		

5 Is your business reliant on one or two big customers?

1	YES	
2	NO	

Section 6 OTHER

1 Are there any factors affecting your business adversely?

1	Yes	
2	No	

If YES, please specify

THANK YOU FOR YOUR INPUT!

Appendix 9 - Sign Tests

Sign Test
Section 2.1-Inflation

Frequencies

		N
Section 2.1 - Dummy1- >9%	Negative Differences[a]	0
	Positive Differences[b]	13
	Ties[c]	14
	Total	27

a. Section 2.1 < Dummy1- >9%

b. Section 2.1 > Dummy1- >9%

c. Dummy1- >9% = Section 2.1

Test Statistics[b]

	Section 2.1 - Dummy1- >9%
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 2.2 - Insurance

Frequencies

		N
Section 2.2 - Dummy 1 - N0	Negative Differences[a]	12
	Positive Differences[b]	0
	Ties[c]	16
	Total	28

a. Section 2.2 < Dummy 1 - N0

b. Section 2.2 > Dummy 1 - N0

c. Dummy 1 - N0 = Section 2.2

Test Statistics[b]

	Section 2.2 - Dummy 1 - N0
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 2.3 - High Interest Rates

Frequencies

		N
Section 2.3 - Dummy 1 - Yes	Negative Differences[a]	0
	Positive Differences[b]	6
	Ties[c]	24
	Total	30

a. Section 2.3 < Dummy 1 - Yes

b. Section 2.3 > Dummy 1 - Yes

c. Dummy 1 - Yes = Section 2.3

Test Statistics[b]

	Section 2.3 - Dummy 1 - Yes
Exact Sig. (2-tailed)	.031[a]

a. Binomial distribution used.

b. Sign Test

Section 2.4 - Economic Change

Frequencies

		N
Section 2.4 - Dummy 1 - Yes	Negative Differences[a]	0
	Positive Differences[b]	9
	Ties[c]	21
	Total	30

a. Section 2.4 < Dummy 1 - Yes

b. Section 2.4 > Dummy 1 - Yes

c. Dummy 1 - Yes = Section 2.4

Test Statistics[b]

	Section 2.4 - Dummy 1 - Yes
Exact Sig. (2-tailed)	.004[a]

a. Binomial distribution used.

b. Sign Test

Section 2.5 - Union problems

Frequencies

		N
Section 2.5 - Dummy 1 - Yes	Negative Differences[a]	0
	Positive Differences[b]	29
	Ties[c]	1
	Total	30

a. Section 2.5 < Dummy 1 - Yes

b. Section 2.5 > Dummy 1 - Yes

c. Dummy 1 - Yes = Section 2.5

Test Statistics[a]

	Section 2.5 - Dummy 1 - Yes
Z	-5.199
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 2.6 - Wage laws and Employment Equity

Frequencies

		N
Section 2.6 - Dummy 1 - Yes	Negative Differences[a]	0
	Positive Differences[b]	23
	Ties[c]	6
	Total	29

a. Section 2.6 < Dummy 1 - Yes

b. Section 2.6 > Dummy 1 - Yes

c. Dummy 1 - Yes = Section 2.6

Test Statistics[b]

	Section 2.6 - Dummy 1 - Yes
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 3.1 - Preparation of Financials

Frequencies

		N
Section 3.1 - Dummy 1 - Only as Needed	Negative Differences[a]	28
	Positive Differences[b]	0
	Ties[c]	2
	Total	30

a. Section 3.1 < Dummy 1 - Only as Needed

b. Section 3.1 > Dummy 1 - Only as Needed

c. Dummy 1 - Only as Needed = Section 3.1

Test Statistics[a]

	Section 3.1 - Dummy 1 - Only as Needed
Z	-5.103
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 3.2 - Preparation of Cash Flows

Frequencies

		N
Section 3.2 - Dummy 1 - Only as Needed	Negative Differences[a]	26
	Positive Differences[b]	0
	Ties[c]	4
	Total	30

a. Section 3.2 < Dummy 1 - Only as Needed

b. Section 3.2 > Dummy 1 - Only as Needed

c. Dummy 1 - Only as Needed = Section 3.2

Test Statistics[a]

	Section 3.2 - Dummy 1 - Only as Needed
Z	-4.903
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 3.3 - Analysis of Income and Expenditure

Frequencies

		N
Section 3.3 - Dummy 1 - Only as Needed	Negative Differences[a]	27
	Positive Differences[b]	0
	Ties[c]	3
	Total	30

a. Section 3.3 < Dummy 1 - Only as Needed

b. Section 3.3 > Dummy 1 - Only as Needed

c. Dummy 1 - Only as Needed = Section 3.3

Test Statistics[a]

	Section 3.3 - Dummy 1 - Only as Needed
Z	-5.004
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 3.4 - Analysis of Debt levels

Frequencies

		N
Section 3.4 - Dummy 1 - 30%-50%	Negative Differences[a]	22
	Positive Differences[b]	5
	Ties[c]	3
	Total	30

a. Section 3.4 < Dummy 1 - 30%-50%

b. Section 3.4 > Dummy 1 - 30%-50%

c. Dummy 1 - 30%-50% = Section 3.4

Test Statistics[a]

	Section 3.4 - Dummy 1 - 30%-50%
Z	-3.079
Asymp. Sig. (2-tailed)	.002

a. Sign Test

Frequencies

		N
Section 3.4 - Dummy 2 - 60% +	Negative Differences[a]	25
	Positive Differences[b]	4
	Ties[c]	1
	Total	30

a. Section 3.4 < Dummy 2 - 60% +

b. Section 3.4 > Dummy 2 - 60% +

c. Dummy 2 - 60% + = Section 3.4

Test Statistics[a]

	Section 3.4 - Dummy 2 - 60% +
Z	-3.714
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Frequencies

		N
Section 3.4 - Dummy 3 - don't know	Negative Differences[a]	26
	Positive Differences[b]	0
	Ties[c]	4
	Total	30

a. Section 3.4 < Dummy 3 - don't know

b. Section 3.4 > Dummy 3 - don't know

c. Dummy 3 - don't know = Section 3.4

Test Statistics[a]

	Section 3.4 - Dummy 3 - don't know
Z	-4.903
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 3.5 - Growth Rates

Frequencies

		N
Section 3.5 - Dummy 1 - <=2%	Negative Differences[a]	0
	Positive Differences[b]	25
	Ties[c]	5
	Total	30

a. Section 3.5 < Dummy 1 - <=2%

b. Section 3.5 > Dummy 1 - <=2%

c. Dummy 1 - <=2% = Section 3.5

Test Statistics[b]

	Section 3.5 - Dummy 1 - <=2%
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Frequencies

		N
Section 3.5 - Dummy 2 - don't konw	Negative Differences[a]	25
	Positive Differences[b]	0
	Ties[c]	5
	Total	30

a. Section 3.5 < Dummy 2 - don't konw

b. Section 3.5 > Dummy 2 - don't konw

c. Dummy 2 - don't konw = Section 3.5

Test Statistics[b]

	Section 3.5 - Dummy 2 - don't konw
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 3.6.1 Year (1) - Financial Losses

Frequencies

		N
Section 3.6 (Year 1) - Dummy 1 - Yes	Negative Differences[a]	0
	Positive Differences[b]	21
	Ties[c]	8
	Total	29

a. Section 3.6 (Year 1) < Dummy 1 - Yes

b. Section 3.6 (Year 1) > Dummy 1 - Yes

c. Dummy 1 - Yes = Section 3.6 (Year 1)

Test Statistics[b]

	Section 3.6 (Year 1) - Dummy 1 - Yes
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 3.6.2 (Year2) - Financial losses

Frequencies

		N
Section 3.6 (Year 2) - Dummy 1 - Yes	Negative Differences[a]	0
	Positive Differences[b]	23
	Ties[c]	6
	Total	29

a. Section 3.6 (Year 2) < Dummy 1 - Yes

b. Section 3.6 (Year 2) > Dummy 1 - Yes

c. Dummy 1 - Yes = Section 3.6 (Year 2)

Test Statistics[b]

	Section 3.6 (Year 2) - Dummy 1 - Yes
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 3.6.3 (Year 3) - Financial losses

Frequencies

		N
Section 3.6 (Year 3) - Dummy 1 - Yes	Negative Differences[a]	0
	Positive Differences[b]	19
	Ties[c]	10
	Total	29

a. Section 3.6 (Year 3) < Dummy 1 - Yes

b. Section 3.6 (Year 3) > Dummy 1 - Yes

c. Dummy 1 - Yes = Section 3.6 (Year 3)

Test Statistics[b]

	Section 3.6 (Year 3) - Dummy 1 - Yes
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 3.7 - Tax knowledge

Frequencies

		N
Section 3.7 - Dummy 1 - no	Negative Differences[a]	26
	Positive Differences[b]	2
	Ties[c]	2
	Total	30

a. Section 3.7 < Dummy 1 - no

b. Section 3.7 > Dummy 1 - no

c. Dummy 1 - no = Section 3.7

Test Statistics[a]

	Section 3.7 - Dummy 1 - no
Z	-4.347
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 3.8 - Adequate finances

Frequencies

		N
Section 3.8 - Dummy 1 - no	Negative Differences[a]	13
	Positive Differences[b]	0
	Ties[c]	17
	Total	30

a. Section 3.8 < Dummy 1 - no

b. Section 3.8 > Dummy 1 - no

c. Dummy 1 - no = Section 3.8

Test Statistics[b]

	Section 3.8 - Dummy 1 - no
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 3.9 - Revisions on Product Pricing

Frequencies

		N
Section 3.9 - Dummy1 - Only as Needed	Negative Differences[a]	24
	Positive Differences[b]	0
	Ties[c]	6
	Total	30

a. Section 3.9 < Dummy1 - Only as Needed

b. Section 3.9 > Dummy1 - Only as Needed

c. Dummy1 - Only as Needed = Section 3.9

Test Statistics[b]

	Section 3.9 - Dummy1 - Only as Needed
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 3.10 - Monitoring of Drawings

Frequencies

		N
Section 3.10 - Dummy 1 - no	Negative Differences[a]	28
	Positive Differences[b]	0
	Ties[c]	2
	Total	30

a. Section 3.10 < Dummy 1 - no

b. Section 3.10 > Dummy 1 - no

c. Dummy 1 - no = Section 3.10

Test Statistics[a]

	Section 3.10 - Dummy 1 - no
Z	-5.103
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 4.1 - Who Prepares Financials

Frequencies

		N
Section 4.1 - Dummy 1 - family person	Negative Differences[a]	0
	Positive Differences[b]	21
	Ties[c]	9
	Total	30

a. Section 4.1 < Dummy 1 - family person

b. Section 4.1 > Dummy 1 - family person

c. Dummy 1 - family person = Section 4.1

Test Statistics[b]

	Section 4.1 - Dummy 1 - family person
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 4.2 - Skilled Personnel

Frequencies

		N
Section 4.2 - Dummy 1 - no	Negative Differences[a]	20
	Positive Differences[b]	0
	Ties[c]	10
	Total	30

a. Section 4.2 < Dummy 1 - no

b. Section 4.2 > Dummy 1 - no

c. Dummy 1 - no = Section 4.2

Test Statistics[b]

	Section 4.2 - Dummy 1 - no
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 4.3 - Managerial Experience

Frequencies

		N
Section 4.3 - Dummy 1 - <1 year	Negative Differences[a]	19
	Positive Differences[b]	7
	Ties[c]	4
	Total	30

a. Section 4.3 < Dummy 1 - <1 year

b. Section 4.3 > Dummy 1 - <1 year

c. Dummy 1 - <1 year = Section 4.3

Test Statistics[a]

	Section 4.3 - Dummy 1 - <1 year
Z	-2.157
Asymp. Sig. (2-tailed)	.031

a. Sign Test

Section 4.4 - Hours Spent in Business

Frequencies

		N
Section 4.4 - Dummy1 - 0-5 hours	Negative Differences[a]	0
	Positive Differences[b]	27
	Ties[c]	3
	Total	30

a. Section 4.4 < Dummy1 - 0-5 hours

b. Section 4.4 > Dummy1 - 0-5 hours

c. Dummy1 - 0-5 hours = Section 4.4

Test Statistics[a]

	Section 4.4 - Dummy1 - 0-5 hours
Z	-5.004
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 4.5 - Delegation

Frequencies

		N
Section 4.5 - Dummy1 - Any family member	Negative Differences[a]	0
	Positive Differences[b]	17
	Ties[c]	13
	Total	30

a. Section 4.5 < Dummy1 - Any family member

b. Section 4.5 > Dummy1 - Any family member

c. Dummy1 - Any family member = Section 4.5

Test Statistics[b]

	Section 4.5 - Dummy1 - Any family member
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 4.6 - No of Employees

Frequencies

		N
Section 4.6 - Dummy1 - <5	Negative Differences[a]	0
	Positive Differences[b]	10
	Ties[c]	19
	Total	29

a. Section 4.6 < Dummy1 - <5

b. Section 4.6 > Dummy1 - <5

c. Dummy1 - <5 = Section 4.6

Test Statistics[b]

	Section 4.6 - Dummy1 - <5
Exact Sig. (2-tailed)	.002[a]

a. Binomial distribution used.

b. Sign Test

Section 4.7 - Number of Employees

Frequencies

		N
Section 4.7 - Dummy1 - no	Negative Differences[a]	26
	Positive Differences[b]	0
	Ties[c]	3
	Total	29

a. Section 4.7 < Dummy1 - no

b. Section 4.7 > Dummy1 - no

c. Dummy1 - no = Section 4.7

Test Statistics[a]

	Section 4.7 - Dummy1 - no
Z	-4.903
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 4.8 - Problems receiving inventory

Frequencies

		N
Section 4.8 - Dummy1 - yes	Negative Differences[a]	0
	Positive Differences[b]	27
	Ties[c]	2
	Total	29

a. Section 4.8 < Dummy1 - yes

b. Section 4.8 > Dummy1 - yes

c. Dummy1 - yes = Section 4.8

Test Statistics[a]

	Section 4.8 - Dummy1 - yes
Z	-5.004
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 4.9 - Payments and receipts

Frequencies

		N
Section 4.9 - Dummy1 - no	Negative Differences[a]	17
	Positive Differences[b]	3
	Ties[c]	10
	Total	30

a. Section 4.9 < Dummy1 - no

b. Section 4.9 > Dummy1 - no

c. Dummy1 - no = Section 4.9

Test Statistics[b]

	Section 4.9 - Dummy1 - no
Exact Sig. (2-tailed)	.003[a]

a. Binomial distribution used.

b. Sign Test

Section 4.10 - Absenteeism

Frequencies

		N
Section 4.10 - Dummy1 - yes	Negative Differences[a]	0
	Positive Differences[b]	26
	Ties[c]	3
	Total	29

a. Section 4.10 < Dummy1 - yes

b. Section 4.10 > Dummy1 - yes

c. Dummy1 - yes = Section 4.10

Test Statistics[a]

	Section 4.10 - Dummy1 - yes
Z	-4.903
Asymp. Sig. (2-tailed)	.000

a. Sign Test

Section 4.11.3 - Survival of the Firm

Frequencies

		N
Survival of the Firm - Dummy1 - yes	Negative Differences[a]	0
	Positive Differences[b]	15
	Ties[c]	15
	Total	30

a. Survival of the Firm < Dummy1 - yes

b. Survival of the Firm > Dummy1 - yes

c. Dummy1 - yes = Survival of the Firm

Test Statistics[b]

	Survival of the Firm - Dummy1 - yes
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 5.1 - Frequency of Advertising

Frequencies

		N
Section 5.1 - Dummy1 - never	Negative Differences[a]	16
	Positive Differences[b]	0
	Ties[c]	14
	Total	30

a. Section 5.1 < Dummy1 - never

b. Section 5.1 > Dummy1 - never

c. Dummy1 - never = Section 5.1

Test Statistics[b]

	Section 5.1 - Dummy1 - never
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 5.2 - Competition

Frequencies

		N
Section 5.2 - Dummy1 - yes	Negative Differences[a]	0
	Positive Differences[b]	2
	Ties[c]	27
	Total	29

a. Section 5.2 < Dummy1 - yes

b. Section 5.2 > Dummy1 - yes

c. Dummy1 - yes = Section 5.2

Test Statistics[b]

	Section 5.2 - Dummy1 - yes
Exact Sig. (2-tailed)	.500[a]

a. Binomial distribution used.

b. Sign Test

Section 5.3 - Technology

Frequencies

		N
Section 5.3 - Dummy1 - yes	Negative Differences[a]	0
	Positive Differences[b]	21
	Ties[c]	7
	Total	28

a. Section 5.3 < Dummy1 - yes

b. Section 5.3 > Dummy1 - yes

c. Dummy1 - yes = Section 5.3

Test Statistics[b]

	Section 5.3 - Dummy1 - yes
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 5.4 - Target Market

Frequencies

		N
Section 5.4 - Dummy1 - everyone	Negative Differences[a]	0
	Positive Differences[b]	15
	Ties[c]	14
	Total	29

a. Section 5.4 < Dummy1 - everyone

b. Section 5.4 > Dummy1 - everyone

c. Dummy1 - everyone = Section 5.4

Test Statistics[b]

	Section 5.4 - Dummy1 - everyone
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 5.5 - Reliance on Big Customers

Frequencies

		N
Section 5.5 - Dummy1 - yes	Negative Differences[a]	0
	Positive Differences[b]	24
	Ties[c]	5
	Total	29

a. Section 5.5 < Dummy1 - yes

b. Section 5.5 > Dummy1 - yes

c. Dummy1 - yes = Section 5.5

Test Statistics[b]

	Section 5.5 - Dummy1 - yes
Exact Sig. (2-tailed)	.000[a]

a. Binomial distribution used.

b. Sign Test

Section 6.1 - Other Factors

Frequencies

		N
Section 6.1 - Dummy1 - yes	Negative Differences[a]	0
	Positive Differences[b]	11
	Ties[c]	18
	Total	29

a. Section 6.1 < Dummy1 - yes

b. Section 6.1 > Dummy1 - yes

c. Dummy1 - yes = Section 6.1

Test Statistics[b]

	Section 6.1 - Dummy1 - yes
Exact Sig. (2-tailed)	.001[a]

a. Binomial distribution used.

b. Sign Test

GLOSSARY

V.A.T	Value added tax
P.A.Y.E.	Pay as you earn
BEE	Basic employment Equity
SMME	Small, medium and micro-enterprises
SMEs	Small to Medium-sized Enterprises
Compulsory Liquidation	A compulsory liquidation takes place when affairs of a company or corporation are wound up by order of the court.
Insolvency	Insolvency refers to an individual or partnership, which is unable to pay its debt, and is placed under final sequestration. The number of insolvencies does not refer to the number of persons involved, as a partnership, which is unable to pay its debt, is regarded as one insolvency, irrespective of the number of partners.
Liquidation	liquidation refers to the winding-up of the affairs of a company or close corporation, by own choice, resolves to wind-up its affairs.
Trade debtors	Trade debtors refer to debt on instalment sales transactions and other debt related to direct sales of goods and/or services.