

UNIVERSITY OF KWAZULU-NATAL

**TOWARD THE CONSTRUCTION OF A
BUSINESS BOOTSTRAPPING MODEL TO EQUIP EMERGING MICRO BUSINESS
IN THE FIRST YEAR OF OPERATION IN SOUTH AFRICA**

By

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**A thesis submitted in fulfilment of the requirements for the degree of Doctorate of Business
Administration**

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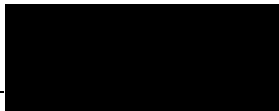
2019

DECLARATION

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ABSTRACT

SMMEs industry in South Africa contributes approximately 52 to 57 percent of the GDP. SMMEs sector is envisaged to 90 percent in the next few years towards South African GDP and employment. More than 50 percent of businesses in South Africa do not survive in the first years of operation due to inhibitors that limit potential growth. The significance of the study is to develop a business model that eradicate major influential business challenges affecting the survival of businesses in the first year of operation, in South Africa due to the currently existing business model are not tailored towards infant business competitiveness. The study review businesses in the first year of operation, in South Africa contributory forces which were the inadequacy of accessibility of capital during start-up and deficiency of business skills. In addition, the study identified three business skills which are financial management, marketing, and business management as significance towards survival of business in the first year of operation, in South Africa. The study unwrapped existing models such as Financial bootstrapping and Balance Score Card which are both significant to businesses in the first year of operation, in South Africa; however business owners struggle to integrate both existing models. The proposed study pursues to explore the relationship between current challenges and competitiveness of businesses in the first year of operation, in South Africa.

To address the research questions, a mixed research approach was selected for the study. The phenomenological (qualitative) and positivist (quantitative) philosophical paradigms were adopted with a determination of attaining an in-depth understanding of the strength and direction of the relationship between a business skills deficit and competitiveness of businesses in the first year in South Africa and moreover the development of Business Bootstrapping Model. Semi-structured interviews and questionnaires were used as data collection instruments for the study. In relation to collected data of the study, analytical techniques used to analyse qualitatively were content analysis and for a quantitative study, SPSS was used to analyse responses from questionnaires. Key findings outlined the accessibility of capital and inadequacies on financial resources to manage account receivables are impediments towards the survival of business in the first year of operation. Vicious competitive pressures interrelated with restrictive financial resources slowdowns sales growth and sub-par competitiveness of business in the first year of operation. Empirical studies and findings were consolidated into bridging identified research gap

which was further used for the development of the Business Bootstrapping Model. The Business Bootstrapping Model comprised three components: financial, marketing and business governance in the first year of operation. Business owners on the financial component of the Business Bootstrapping Model are able to start generating capital which is a determinant towards the obliteration of financial and liquidity constraints. In addition business owners through Business Bootstrapping Model are equipped with skills towards planning and management of business activities such as drafting of business short-term financial policies and measurement capabilities on business current financial performance, business financial position, envisaged future business plan, providing a summary business revenues and expenses from both operating and non-operating activities over a period of time, summary of business assets, liability and equity on a given point in time. Business owners through marketing components of the Business Bootstrapping Model are equipped with marketing skills to brand positioning, counteract price discrimination and acquisition of useful, difficult-to-get customer information and insights on social media.

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Philippians 4:13 “*I can do all things[which He called me to do] through Him who strengthens and empowers me [to fulfill His purpose- I am self-sufficient in Christ’s sufficiency; I am ready for anything and equal to anything through Him who infuses me with inner strength and confident peace.]”*

TABLE OF CONTENTS

TITLE	1
DECLARATION	iv
ABSTRACT	v
ACKNOWLEDGEMENTS	vii
TABLE OF FIGURES	xv
LIST OF TABLES	xv
LIST OF ACRONYMS	xvii
CHAPTER ONE: INTRODUCTION	1
1.1. Introduction	1
1.2. Background to the study	2
1.3. Problem Statement	3
1.4. Rationale of the study	4
1.5. Significance of the Study	5
1.6. Research objectives	5
1.7. Research questions	6
1.8. Contribution of the study	6
1.9. Structure of the thesis	7
1.10. Summary	9
CHAPTER TWO: CURRENT BUSINESS CHALLENGES	10
2.1. Introduction	10
2.2. Definition of businesses in South Africa	10
2.3. Businesses role in the South African economy in the first year	12
2.4. Role of the South African government on businesses in the first year	15
2.5. Government agencies	17
2.6. Accessibility of capital	17
2.6.1. Financial Constraints	18
2.6.2. Liquidity Constraints	20
2.6.3. Credit Constraints	22
2.6.4. International trade constraints	23
2.7. Business skills deficiency	24
2.7.1. Financial management	25
2.7.2. Record management deficiency	26
2.7.3. Marketing	29
2.7.3.1. Branding	30
2.7.3.2. Pricing	31
2.7.3.3. Advertising	32
2.7.3.4. Communication	32
2.7.3.5. Marketing strategy	33

2.7.4.	Exporting barriers	34
2.7.5.	Global value chain barriers	36
2.7.6.	Business management	38
2.7.6.1.	Leadership	40
2.7.6.2.	Business governance	41
2.7.6.3.	Strategic planning	45
2.7.6.4.	Business plan	46
2.7.6.5.	Risk management	46
2.7.6.6.	Performance	48
2.8.	Skills to improve business performance	49
2.8.1.	Financial management skills	50
2.8.2.	Record management skills	51
2.8.3.	Marketing skills	59
2.8.3.1.	Branding skills	59
2.8.3.2.	Pricing strategy	61
2.8.3.3.	Advertising skills	62
2.8.3.4.	Communication skills	62
2.8.3.5.	Marketing strategy	64
2.8.4.	Global marketing skills	65
2.8.4.1.	Export finance	65
2.8.4.2.	Exporting	67
2.8.4.3.	Global Value Chain (GVC)	69
2.8.5.	Business management skills	70
2.8.5.1.	Leadership skills	70
2.8.5.2.	Business governance skills	72
2.8.5.3.	Strategic planning	78
2.8.5.4.	Business plan	78
2.8.5.5.	Risk management	79
2.8.5.6.	Performance	80
2.9.	Summary	81
CHAPTER THREE: BUSINESS BOOTSTRAPPING MODEL		83
3.1.	Introduction	83
3.2.	Financial bootstrapping theory	84
3.2.1.	Defining financial bootstrapping framework	84
3.3.	Balance Score Card theory	87

3.3.1.	Defining Balance Score Card framework	88
3.4.	Research gap	89
3.5.	Pecking and Resource Dependence Theories (RDT)	90
3.5.1.	Pecking Order Model	90
3.5.2.	Resource Dependence Theory (RDT)	91
3.6.	Contingency theory	93
3.7.	Corporate governance theory	93
3.7.1.	Agency theory	94
3.7.2.	Stakeholder theory	96
3.7.3.	Stewardship theory	98
3.8.	Concept of intrapreneurship	99
3.8.1.	Attributes of intrapreneurship	100
3.8.2.	Importance of intrapreneurship	101
3.8.3.	Intrapreneurship on business performance	101
3.9.	Business Bootstrapping Model	102
3.9.1.	Financial	102
3.9.2.	Marketing	104
3.9.3.	Business governance in the first year	105
3.10.	Business bootstrapping detailed design	106
3.11.	Summary	108
CHAPTER FOUR: RESEARCH METHODOLOGY		110
4.1.	Introduction	110
4.2.	Research philosophy	112
4.3.	Research design	114
4.4.	Target population	118
4.4.1.	Sampling strategy	119
4.4.1.1.	Probability sampling	119
4.4.1.2.	Non-probability sampling	120
4.5.	Research instruments	121
4.5.1.	Construction of interview questions	121
4.5.2.	Construction of questionnaires	122
4.6.	Administration of research instruments	125
4.6.1.	Administration of interviews	125
4.6.2.	Administration of questionnaires	125
4.7.	Pretesting of questionnaires	125
4.8.	Concurrent data analysis	126
4.8.1.	Phase one: Qualitative analysis	126

4.8.1.1.	Thematic analysis of qualitative data	128
4.8.1.2.	Identification of themes	128
4.8.2.	Phase two: Quantitative analysis	128
4.9.	Validity and Reliability	129
4.9.1.	Validity	129
4.9.2.	Reliability	130
4.10.	Ethics Considerations	130
4.10.1.	Ensuring participants have given informed consent	131
4.10.2.	Ensuring no harm to participants	131
4.10.3.	Ensuring confidentiality and anonymity	131
4.10.4.	Ensuring that permission is obtained	132
4.11.	Summary	132
	CHAPTER FIVE: DATA AND FINDINGS	133
5.1.	Introduction	133
5.2.	Qualitative data	133
5.2.1.	Presentation of qualitative data	134
5.2.1.1.	Contributory factors towards the failure of businesses in the first year of operation	134
5.2.1.2.	Construction of competence in the first year of operation	136
5.2.1.3.	Association of business skills in the first year of operation	136
5.3.	Quantitative data	137
5.3.1.	Demographic data	137
5.3.2.	Reliability of questionnaires instrument	139
5.3.3.	Respond rate	140
5.3.4.	Descriptive Statistics	141
5.3.5.	Inferential Statistics	147
5.3.5.1.	Correlations	149
5.3.6.	Factor analysis	161
5.3.6.1.	Kaiser-Meyer-Olkin	162
5.3.6.2.	Communality	162
5.3.6.3.	The eigenvalues	163
5.3.7.	Regression analysis	163
5.4	Summary	164
	CHAPTER SIX: ANALYSIS AND DISCUSSION OF FINDINGS	166
6.1.	Introduction	166
6.2.	Qualitative analysis	166
6.2.1.	Contributory factors towards the failure of businesses in the first year of operation	166

6.2.2.	Construction of competence in the first year of operation	168
6.2.3.	Association of business skills in the first year of operation	169
6.3.	Quantitative analysis	171
6.3.1.	Demographic data	172
6.3.2.	Objective one: Identified contributory forces that contribute towards the failure of businesses in the first year	172
6.3.3.	Objective two: Identified business skills which are significant towards the survival of businesses in the first year	182
6.3.4.	Objective three: Influence of business skills on business competitiveness in the first year	187
6.3.5.	Objective four: Identify the strength and direction of the relationship between business skills and competitiveness of business in the first year	192
6.4	Summary	195
CHAPTER SEVEN: BUSINESS BOOTSTRAPPING MODEL		196
7.1.	Introduction	196
7.2.	Structure of the model emerging from the qualitative study	196
7.2.1.	Contributory forces towards the failure of businesses in the first year of operation	196
7.2.2.	Construction of competitiveness that is significant to the survival of businesses in the first year of operation	197
7.2.2.1.	Financial component	198
7.2.2.2.	Benefits of a financial component	200
7.2.3.	To explore business skills that are of relevance to survival in the first year of operation	201
7.2.3.1.	Record management	202
7.2.3.2.	Benefits of record management	202
7.2.3.3.	Marketing component	203
7.2.3.4.	Benefits of the marketing component	205
7.3.	Structure of the model emerging from a quantitative study	206
7.3.1	The strength and direction of the relationship between business skills and performance of businesses in the first year	206
7.3.1.1.	Business governance in the first year	206
7.3.1.2.	Benefits of business governance component	206
7.4.	Business Bootstrapping Model	207
7.5	Summary	209
CHAPTER EIGHT: CONCLUSIONS, SUMMARY OF THE STUDY AND RECOMMENDATIONS		210
8.1.	Introduction	210
8.2.	Discussion of results pertaining to the literature review	210
8.3.	Discussion of results pertaining to empirical findings	211
8.4.	Business bootstrapping model	212
8.5.	Conclusion on research questions	214
8.5.1	Addressing Research Question one	214

8.5.2	Addressing Research Question two	215
8.5.3	Addressing Research Question three	215
8.5.4	Addressing Research Question four	215
8.5.5	Addressing Research Question five	216
8.6.	Implications for practice - Recommendations	216
8.6.1	Bookkeeping	216
8.6.2	Corporate governance	217
8.6.2.1.	Ethical leadership and corporate citizenship	217
8.6.2.2.	Strategy	218
8.6.2.3.	Reporting	218
8.6.2.4.	Structure	219
8.6.2.5.	Risks governance	220
8.6.2.6.	Internal audit	220
8.6.2.7.	Stakeholders' relationships	220
8.6.2.8.	Remuneration governance	221
8.6.3	Negotiation skills	223
8.7.	Limitations of the research	224
8.7.1	Limitations	224
8.8.	Recommendations for future studies	225
8.9.	Chapter summary	226
	REFERENCE LIST	228
	APPENDIX 1: COVER LETTER	250
	APPENDIX 2: CONSENT FORM	252
	APPENDIX 3: QUALITATIVE INTERVIEW GUIDE	253
	APPENDIX 4: QUANTITATIVE QUESTIONNAIRES	254
	Section A: Demographic information	254
	Section B: Questionnaires	256

TABLE OF FIGURES

Figure 2.1: Source: Small Enterprise Development Agency 2017, SMMEs by education group.	27
Figure 2.2: Source: Gumuscu 2016, Framework of marketing communication tools	68
Figure 3.1: Source: Kaplan and Norton 1996, Translating Vision and Strategy: Four Perspectives	94
Figure 3.2: Proposed model for Business Bootstrapping Model	115
Figure 4.1: Research map for the study	119
Figure 7.1: Industry analysis	213
Figure 7.2: Marketing attributes.....	218
Figure 7.3: Business Bootstrapping Model.....	222

LIST OF TABLES

Table 2.1: Source: Schedule 1 of the National Small Business Act of 1996, as revised on the National Small Business Act, as amended in 2003 and 2004.....	13
Table 2.2: Source: Department of Small Business Development 2015/16, Programme over/under-expenditure for the 2015/16 financial year	17
Table 2.3: Source: Asian Development Bank Asian Development Bank Institute 2016, Major Challenges for SME Participation in Global Value Chains.....	41
Table 2.4: Source: Du Plessis et al. 2015, The significant functions of the brand for the consumers and manufacturers	65
Table 3.1: Source: Zwane and Nyide 2017, Method of Bootstrapping	92
Table 4.1: Research questions and research methods crafted in the study	122
Table 5.1: Profile of participants.....	148
Table 5.2: Reliability Statistics	150
Table 5.3: Reliability measures for each objective of the questionnaires.....	150
Table 5.4: Response rate from questionnaire administered	151
Table 5.5: Frequency distribution of contributory forces	152
Table 5.6: Frequency distribution of business skills.....	154
Table 5.7: Frequency distribution of influential business skills	156
Table 5.8: Frequency distribution of business skills and competitiveness	157
Table 5.9: Correlations of contributory forces.....	163

Table 5.10: Correlations of business skills	167
Table 5.11: Correlations of influential business skills.....	170
Table 5.12: Correction of business skills and competitiveness	171
Table 5.13: KMO and Bartlett's Tests.....	173
Table 5.14: Multiple regression analysis	175

LIST OF ACRONYMS

ACRONYMS	Descriptions
BSC	Balance Score Card
CIPC	Companies And Intellectual Property Commission
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
KSF	Key Success Factor
OECD	Organisation for Economic Co-operation and Development
QM	Quantitative Management
RDT	Resource Dependence Theory
SADC	Southern African Development Community
SARS	South African Revenue Services
SBDA	Small Business Development Agency
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SME	Small Medium and Enterprises
SMME	Small Medium and Micro Enterprises
VAT	Value Added Tax
WEF	World Economic Forum

CHAPTER ONE: INTRODUCTION

1.1. Introduction

SMMEs industry in South Africa according to South African Reserve Bank (2015), contribute approximately 52 to 57 percent of the GDP and approximately 60 percent of the South Africa labour force. As reported in SEDA (2017), SMMEs sector is envisaged to 90 percent in the next few years towards South African GDP and employment. Adisa, Abdulraheem, and Mordi (2014) enunciate SMMEs industry as the driving vehicle to eradicate socio-economic issues in South Africa. Furthermore eradication of socio-economic issues in South Africa according to Africa Economic Outlook (2017) is attainable through industrialisation. In addition, SMMEs plays a vital role in accelerating industrialization through conspicuously new technologies and new production techniques. Industrialisation through SMMEs strengthens and deepens various sectors especially comparative advantage in the economy through identifying and accurate market failures in key sectors. Additionally, industrialisation is the driving force towards economic transformation and plays an extensive role to enhance innovation to the South African economy. However; Global Entrepreneurs Monitor (2016) reported, economic instability in South Africa has led to impenetrability in business competitiveness especially in the SMMEs sector. South Africa relative to other countries according to Fatoki (2014) has the highest failure rate of businesses that are not older than one year of operation. The majority of businesses in South Africa are started every year and close down within a few years of operation. The survivalist businesses; the majority remain stagnant due to competitive pressure emerged from globalisation and domestic competitive pressure.

Seeletse (2012) demarcates businesses in the first year of operation in South Africa fails to become adaptive to industry changes. Moreover businesses in the first year of operation in South Africa fail toward mitigating business risks to remain competitive in the industry. Failures to adapt and mitigate business risks have cripple business competitiveness especially on businesses that are not older than one year of operation, in South Africa. The primary barrier to South African businesses' competitiveness and sustainability in the first year of operation is business skills deficit and inaccessibility of capital. Despite business skills deficit and inaccessibility of capital, technological capabilities are influential towards the high failure rate of businesses in the first year of operation, in South Africa. According to Global Entrepreneurs Monitor (2016/2017), businesses in the first year of operation in South Africa are

uncompetitive as a result of a deficiency in knowledge on the deployment of the right technology required to advance productivity of the business. Furthermore, Fotaki (2014) indicates that businesses in the first year of operation in South Africa are vulnerable to macro-environmental factors. The factors adversely distress sales, revenues and market potential plans which dreary survival of businesses in the first year of operation in South Africa. The study focuses on the development of a business model to enables businesses relative to survival in the first year of operation, in South Africa. The study critically reviews the deficiency of business skills in relation to businesses' competitiveness and identification of skills that are significant to the survival of businesses in the first year of operation, in South Africa. The deficiency of business skills in South Africa is impedance to the survival of businesses in the first year of operation. This study proposes Business Bootstrapping Model as a business tool to eradicate deficiency of business skills and assists business owners without financial resources during start-up on generating cash flow.

1.2. Background to the study

The number of SMMEs in South Africa (SA) increased by 11.2% year-on-year (y-o-y) from 2.23 million in 2016Q1 to 2.48 million in 2017Q1". (SEDA, 2017, p. 3). In the report of SEDA (2017), it is reported that Small Medium and Enterprises (SME) sector contribution to South African economy income and expenditure increased from 37 percent to 41 percent in the first quarter of 2016 to 2017 first quarter. The increase is due to additional enterprises that are classified as SMEs size equated to the previous year. The sector recently produced a slighter percent of net profit, equated to a higher portion formerly. However; the increase is inclusive to stagnant survivalist businesses. According to the Department of Small Business Development (2017/18), the South African government in May 2014 established the DSBD. DSBD conceptualised framework was to eradicate fragmented business landscape, inadequate support to the SMME sector, deficiency of specialised and intensive support with restricted resources and the high failure rate of SMMEs. In accordance with the Global Entrepreneurs Monitor (2016/2017) report, there an excessive proportion of businesses decreasing relative to the number of businesses transacting from the first year to the second year of operation. The decrease is interlinked with business capabilities, level of knowledge from business owners and adequacy of financial resources which is a contributory factor to the survival of businesses in the first year of operation. Furthermore, Global Entrepreneurs Monitor (2015/16) outlines the vast majority of businesses in South Africa experiences intensive competition link with limited resources to penetrate

markets which threaten competitiveness and sustainability of businesses especially in the first year of operation. The competitiveness and sustainability of businesses in the first year of operation are linked with the level of business knowledge and adequacy of capital accessibility.

SIMODISA (2015) points out South Africa as a country with extensively recognized sequences of skills gaps. The skills gap comprises of entrepreneurial prerequisite skills to start and grow the business. Africa Economic Outlook (2017) coincides with Global Entrepreneurship Monitor (2015/16) that the high failure rate on South African businesses in the first year of operation emerges from lack of entrepreneurial education incorporated on basic education and training systems. Global Competitiveness and Global Entrepreneurship Monitor report have both delineate that South African current education system births high probability of business owners in the first year with possibilities to be without or less likely equipped with business skills. According to Wise and Chiloane-Tsoka (2015), dominant skills of more than 51 percent of businesses in the first year of operation, in South Africa are technical skills comparison with entrepreneurial skills. Technical skills as dominant in accord to Global Entrepreneurship Monitor (2015/16) results in the inadequacy of business position during start-up and survival of businesses in the first year of operation.

1.3. Problem Statement

Inadequate accessibility of capital according to Adisa et al. (2014) is detrimental towards the liquidity of businesses in the first year of operation, in South Africa. In addition, Eniola and Entebang (2016) assert liquidity problems of businesses in the first year of operation, in South Africa correlated with inadequate financial management skills. According to Fatoki (2014), business owners in the first year of operation, in South Africa struggle with management of inflow and outflow of cash which is disadvantageous towards survival and competitiveness of the business. “Factors related to marketing such as lack of market research, ineffective demand forecasting and analysis, bad customer service, and lack of training for sales staff are the most significant factors leading to the failure of the business.”(Fatoki, 2014, p.925).

Fatoki (2014) points out that lack of management skills in businesses in the first year of operation, in South Africa is a contributory aspect to derisory decision making and poor management of scarcity of business resources. Cant and Wiid (2013) agree inadequacy of management skills is an influential component towards the high failure rate of businesses in the first year of operation, in South Africa.

Businesses in the first year of operation fail to be adaptive towards future shocks and external environmental changes such as interest rate, inflation, and technological changes as a result of scarcity of managerial skills. The failure to adopt towards such changes is detrimental to the survival and competitiveness of business in the first year of operation, in South Africa. According to Karanja, Muturi; Mukabi, Kabata; Wahome and Kayogo (2013) articulate high correlation between deficiency in business skills and infant business survival in South Africa. Therefore problem statement is a vast majority of businesses fail in the first year of operation, in South Africa. Based on the above-stated relationship between deficiency in business skills and infant business survival this study uses existing empirical literature such as financial bootstrapping and Balance Scorecard to develop a business model that significance to survival in the first year of operation, in South Africa.

1.4. Rationale of the study

This study investigates the contributory factor that is both detrimental and beneficial to the competitiveness of businesses in the first year of operation through reviewing the influence of business skills on performance of businesses and the relationship between a business skills deficit and survival of businesses in the first year of operation. This study selects and analyses businesses that are from different industries and younger than a year. To respond to the research questions, a mixed research approach was selected for the study. Pragmatism philosophical approach is for obtaining a greater indulgent of the research questions. The adoption of perspective and research approach is due to existing business models are not tailored for businesses that are in the first year of operation and not well developed in the extant literature. Empirical investigation below discusses each objective and highlights research methodology approaches of the study as a point of reference, research respondents, measuring instruments, procedures for collecting data and data analysis. The first and second objectives determine factors that influence the competitiveness of businesses in the first year of operation. The study explores the contributory factor to failure and survival of businesses that are not older than one year through a qualitative methodology.

Qualitative design critically explores current business challenges detrimental towards survival in the first year of operation. The design unraveled and excavated an understanding of factors that are significant to the survival of businesses in the first year of operation. For an in-depth understanding of the phenomena, existing business models, academic framework derives from secondary literature sources reviews and interviews with business owners and/or employees. The measuring instrument is a semi-structured

interview that focuses on the challenges of businesses that are not older than one year. Content analyses determine themes relating to the challenges of businesses in the first year of operation. Ethical procedures and standards were to abide by conducting research. Furthermore attaining informed consent, anonymity and confidentiality are significant to the study.

In objective three and four a deductive approach is to build an epistemological framework towards conceptualising the study and procedures for developing Business Bootstrapping Model. as for the quantitative approach, an internet-mediated questionnaire is to collect data and through statistical techniques behavioral and attributes variables that have an impact on the survival of businesses in the first year of operation. Mixed-method research design is for the identification of research questions, sampling strategies, research strategies, and data analysis methods. Therefore the linkage between theory and investigation was inductive for qualitative research and deductive for quantitative research.

1.5. Significance of the Study

Designing a business model is prominent for businesses in the first year of operation experiencing inhibitors which are detrimental during start-up. The purpose of the study is developing a business model that equips businesses that are less than a year and without or less equipped with business skills and/or scarcity of financial resources. The significance of the business model is to eradicate major influential business challenges affecting the survival of businesses in the first year of operation due to the currently existing business model are not tailored towards infant business survival. In chapter three, financial bootstrapping focuses on one aspect of the business which is finance whereas Balance Score Card is not tailored in inclusiveness towards business owners that have a business that is less than a year and without financial resources. The study critically tailors both existing business models to cater to business owners that have a business that is less than a year, business owners without or less equipped with business skills and/or scarceness financial resources during start-up. Both existing business models are merged to develop the hybrid model to fill the research gap identified in the third chapter. The hybrid model is called the Business Bootstrapping Model. The purpose of the Business Bootstrapping Model is to improve the competitiveness of businesses in the first year of operation due to survival rate statistics as dismal.

1.6. Research objectives

- To explore contributory forces that contribute towards the failure of businesses in the first year.
- To explore business skills that are significant towards the survival of businesses in the first year.
- To what extent do business skills influence business competitiveness in the first year.
- To determine the strength and direction of the relationship between business skills and competitiveness of business in the first year.
- To develop a business model that businesses can utilise in the first year of operation

1.7. Research questions

- What are contributory forces contributing to the failure of businesses in the first year?
- Which business skills are significant towards the survival of businesses in the first year?
- How business skills influence survival of businesses in the first year?
- How related are business skills relative to the performance of businesses in the first year?
- Are there any positive reward mechanisms that can be deduced from the proposed business model by businesses as recommended in this study?

1.8. Contribution of the study

The identification of two existing business models in chapter three which are financial bootstrapping and Balance Score Card, both are combined to create a Business Bootstrapping Model which guides business survival in the first year of operation. Financial bootstrapping is an additional component of the model and assists with innovative strategies to generate cash inflow of the business. Balance Score Card marketing and management perspectives are tailored and centered on social media. In addition, the perspective focuses on businesses in the first year of operation with the scarcity of financial resources and business skills. The two perspectives' main objective simultaneously equips business owners with adequate business skills significant to survival in the first year of operation and contributions towards creating financial records for the business which are prerequisites for capital accessibility from financial institutions and investors. Business owners without or less equipped with business skills only identify marketing needs and design competitive offerings of the business to embark on the Business Bootstrapping Model. Consumer complaints websites and product blogs are a platform to identify marketing opportunities and identification of the niche market. Creating free business pages on social

media, recommendations to online blogs and customer complains is advantageous in the development of brand equity for businesses in the first year of operation with a scarcity of financial resources. The combination of marketing and management components concurrently equips business owners' capabilities to analyse opportunities and threats of the business.

1.9. Structure of the thesis

Chapter one demarcates the background to the research problem, define the problem statement, objectives of the study, research questions and rationale of the study. The chapter provides a guideline for the development of the Business Bootstrapping Model and the structure of the rest of the study.

Chapter two critically reviews current challenges that influence the survival of businesses in the first year of operation. The review is in relation to the understanding of business competitiveness, business skills deficit and failures of businesses in the first year of operation. The challenges are a framework towards identifying any research gap which is an input to the development of the Business Bootstrapping Model in chapter three.

The constructing of the chapter is done in accordance with Sanders, Lewis, and Thornhill (2016) the seven-step process of literature review. The four out of steps reviews the challenges of businesses in the first year of operation. The four steps are as follows: step number one enlightens understanding of the definition of a business in the South African perspective. The second step unravels current challenges on the accessibility of capital on businesses in the first year of operation. In step three how business environment which are business skills deficit, inadequate education system, poor accessibility of capital and tough economic conditions relates to the survival of businesses in the first year of operation. This step presents empirical studies on the competitiveness of businesses in the first year of operation. The information is a point of reference on the development of the business model in the next chapter. For step four explorations on fundamental skills in relation to criterion-related validity of the existing business models. The aim is to find journal articles that designate theoretical descriptions to supports empirical findings and bridge the research gap through the development of the Business Bootstrapping Model in chapter three.

Chapter three proposes the development of a business bootstrapping model and reviews existing business

models which are financial bootstrapping and Balance Score Card and furthermore challenges that emerge from the preceding chapter. The chapter aims to eradicate challenges and reduce the research gap that negatively impacts the survival of businesses in the first year of operation.

Chapter four defines the implementation of research methodology in the study. The study seeks to address two research questions: (1) What are contributory forces contributing to the failure of businesses in the first year? (2) Which business skills are significant towards the survival of businesses in the first year? Pragmatism philosophical is to create meaningful knowledge and dependent in relation to variables that are affecting the performance of businesses in the first year of operation. To address research questions, a mixed research design through convergent parallel design assists in developing the Business Bootstrapping Model.

The chapter is subdivided into eight sections. The first section focuses on the research philosophy of the study. The second section provides the research design of the study. Furthermore, the section interlinks research questions to research design, through providing rationale on the implementation of research methodology. The third section presents a discussion on sampling strategies. The section follows collection instruments of both qualitative and quantitative data which is section four. In addition, this section articulates issues relating to biasing in the study. The next section which is the fifth section pilot tests questionnaires to eradicate any envisages challenges towards participants' completion of questions. Section six presents a discussion of the analytical techniques to analyse both qualitative and quantitative data. In addition, the section is followed with section seven which unravels validity and reliability relating issues which further followed with a final section that focuses on ethical issues.

Chapter five and chapter six presents the analysis and interpretation of the primary data through the research methodology selected in the preceding chapter. The chapter further outlines various statistical techniques relevant to achieve study objectives. The analysis is a thorough sphere of research questions. These chapters additionally present the result of the study in-depth through cross-references to relevant models and academic theories to construe and critique findings. In chapter seven applied development of the Business Bootstrapping Model is presented. Furthermore, empirical findings emerged are a framework for the development of the Business Bootstrapping Model. Lastly, chapter eight concludes the outcome of the study with a cross- reference to underline theories defined in preceding chapters. The

outcome state is built on the relationship between the results and the secondary data. Furthermore, this chapter outlines recommendations and future research studies in the chapter through a researcher.

1.10. Summary

This chapter has established the challenges of businesses in the first year of operation, identifies existing business models, the relationship between business skills deficit and performance of businesses in the first year of operation. The chapter highlights existing business models that are relevant to businesses in the first year of operation. Academic framework derives from secondary literature sources, the main focus is on challenges of businesses that are less than one year of age, business owners without financial resources and deficiency in business skills which is detrimental to businesses in the first year of operation. The research pursues to analyse and lure insights about challenges and survival capabilities on businesses in the first year of operation. This chapter highlights the importance of business skills on the competitiveness of businesses in the first year of operation. This chapter further provides an overview of the whole research and what the reader should anticipate in-depth in the subsequent chapters. Chapter two reviews the current challenges that are influential to the survival of businesses in the first year of operation. The review is framework is on challenges, business skills deficit and failures of businesses in the first year of operation. The main objective of the chapter is to identify any research gap and variables that assist in the development of the Business Bootstrapping Model in chapter three.

CHAPTER TWO: CURRENT BUSINESS CHALLENGES

2.1. Introduction

This study focuses on equipping business owners with skills to improve the competitiveness of businesses in the first year of operation. The study lures several perspectives, techniques, methods, and models from secondary sources to construe and analyse what has been published on failures of businesses in the first year of operation in South Africa. Creswell (2014) defined secondary data as a structure to the problem and frame for research questions or hypotheses. Secondary data on the competitiveness of businesses refer to government agencies' publications, articles, journals, commercially produced statistics, industry data, and the internet. To frame the research gap is significant to excerpt important information towards creating an understanding of the competitiveness of businesses with regards to business skills deficit and failures of businesses in the first year of operation.

Constructing of the chapter is done in accordance with Sanders, Lewis and Thornhill (2017) the seven-step process of literature review. The selected four out of seven steps reviews challenges of businesses in the first year of operation and are as follows: the first step is the definition of businesses and the objective of the initial step is to enlighten through an understanding of definition on businesses in South African perspective. In the second step, the chapter presents empirical studies on the competitiveness of businesses. The information is a point of reference on the development of the Business Bootstrapping Model in the next chapter. For step four explores fundamental skills in relation to the criterion-related validity of the existing theories. The aim of finding journal articles that designate theoretical descriptions that support empirical findings to bridge the research gap through the development of the Business Bootstrapping Model the next chapter.

2.2. Definition of businesses in South Africa

This section explains the terminology of an entrepreneur, small business and SMME in the South African context. According to the Department of Trade and Industry (DTI) reporting in 2008, the terminology of an entrepreneur is for individuals that embark on a new business venture. The terminology of small business and SMME in the South African context is described as synonyms. The owners of SMMEs are stated as business owners or _employers and self- employed.

The National Small Business Act (no.102 of 1996) defined Small business as:

“Small business means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed with one owner or more. Small business organisation means any entity, whether or not incorporated or registered under any law, which consists mainly of persons carrying on small business concerns in any economic sector, or which has been established for the purpose of promoting the interests of or representing small business concerns, and includes any federation consisting wholly or partly of such association, and also any branch of such organisation.”

In accordance to South African Revenue Services (SARS) Small business categories (2015), all businesses are required to register with Companies And Intellectual Property Commission (CIPC) from sole proprietor to private company to attain an Income Tax Reference Number as all businesses are eligible to pay Turnover tax and/or Value Added Tax (VAT). –Business with a qualifying turnover not exceeding R1 million in any year of assessment can elect to register as a micro business and in consequence be taxed under the turnover tax system instead of the usual tax rules that apply to other taxpayers.¶ (SARS Legal counsel Income Tax, Tax guide for Micro Businesses, 2016/17). National Small Business Act no 102 of 1996, South Africa categorised small businesses as follows: micro, very small, small and medium-sized enterprises (SMMEs), subsequent a complex fixed of thresholds. The National Small Business Act, which has been reviewed in 2003 and 2004 National Small Business Amendment Act, describes each sector’s thresholds as well as sub-sectors in relation to business size. Table 2.1 below illustrates a summary of the National Small Business Act categorisation in terms of enterprise size, the number of employees collectively with annual turnover, assets excluding fixed property category to describe the SMMEs sector.

Table 2.1 Classification for micro, very small, small and medium enterprises

Enterprise size	Number of employees	Annual turnover	Gross assets, excluding fixed property
Medium	Fewer than 100 to 200,	Less than R4	Less than R2 million to
	subject to industry	million to R50 million, subjected upon industry	R18 million, depending on industry

Small	Fewer than 50	Less than R2 million to R25 million, subjected to industry	Less than R2 million to R4,5 million, depending on industry
Very small	Fewer than 10 to 20, subject to industry	Less than R200 000 to R500 000, subjected to industry	Less than R150 000 to R500 000, depending on industry
Micro	Fewer than 5	Less than R150 000	Less than R100 000

Table 2.1: Source: Schedule 1 of the National Small Business Act of 1996, as revised on the National Small Business Act, as amended in 2003 and 2004

This study focuses on businesses with less than five employees, a total annual turnover of less than R150 000.00 and a total gross asset value of less than R100 000.00 which excludes fixed property categorized in all sectors as a micro business. These businesses face financial barriers that are detrimental to the survival of businesses in the first year of operation detailed in the following section.

2.3. Businesses role in the South African economy in the first year

The contribution of the SME sector to the South Africa economy is in as reported in Small Enterprise Development Agency (2017) has enhanced improved diversification into South African economic sectors' competitiveness through distinctive innovative technologies such as three-dimensional (3-D) scanners and computer-aided design; and commercialization of new technologies. Microbusinesses accelerated industrialisation through efficient reallocation of resources from traditional sectors into more modern sectors. Africa Economic Outlook (2017) articulates that micro businesses surge aggregate productivity through adaptive foreign technologies to local South African markets. The adaptive foreign technologies are beneficial to assists to evaluate the possibility of goods that are produced globally to become produced in the South African market at a lower cost. According to the Ministry of Finance (2014), innovations and technologies that emerge from industrialization through micro-businesses play a significant role in the proficiency and productivity of the key sectors of the South African economy. Global Entrepreneurs Monitor (2016/2017) elaborates further that innovation is far beyond the development of new products and/or services, is aimed to commercialise the competitive offerings. To become effective in industrialisation, micro-businesses must recognise new niches market place and craft

effective strategies that propose, provide and enhance innovative competitive offerings. The effectiveness of the innovation on industrialisation is subject to the cognizance of competitive products, and capability towards incorporating the knowledge for distinctive services and/or products. Innovation abilities remain imperative toward industrialisation and economic capability to craft competitiveness, predominantly in high intense-productivity industries.

Africa Economic Outlook (2017) indicates that innovation and new technology aimed at the crafting of new sectors to emerge. Cape Town is emerging as hubs for international start-ups, particularly in sectors such as financial technology and renewable energies. These new sectors with adequate policies directed to assist to reduce the force on the environment. New technologies expedite small-scale manufacturing and such manufacturing plays a role in reducing customization cost by enabling businesses to cut down on production. The competitiveness of the reduction of costs on businesses and emerged sectors is highly dependent on emerging micro-businesses. According to Africa Economic Outlook (2017), emerged sectors, new technologies and innovation are subject to emerging micro-businesses taking businesses the advantage of unutilized resources such as computing power, transportation vehicles and office space. Emerging micro-businesses are carriers of industrialisation and South Africa economic growth due to one of the micro-business characteristics which are tolerance for risk. According to Global Entrepreneurs Monitor (2016/2017) and there is a percentage drop of micro-businesses who perceives that scarce or not one business offers similar competitive offerings. In 2016, more than 50 percent of emerging micro businesses in South Africa with 57 percent reported to experienced intensity to moderate phases of competition; and with about six percent exceedingly distinguished from competitors as reported with 43.3 percent that no businesses offer the same competitive offerings. Despite the decrease in the number of similar competitive offering in the market, according to Global Entrepreneurs Monitor (2016/2017), in 2016 the innovation level dipped with a percentage of four due to lowest TEA rate and challenges related to sustainability of the business, the intensity of the level of competition which predominantly deteriorating to the effectiveness of industrialisation. According to the Ministry of Finance (2014), there is a correlation between South Africa micro-businesses and emergent and existing sectors' competitiveness and industrialisation. Global Entrepreneurs Monitor (2016/2017) states that industrialisation stimulates micro businesses to develop competitive offerings which lead to improved efficiency in the markets. Ministry of Finance (2014) asserts that micro businesses are linked with the new introduction of competitive offerings in the markets and optimized organisational processes to

improve productivity. The impact of such activities from micro- businesses will lower competitive offerings prices improve quality and performance which will result in improved sector competitiveness and economic growth. Ministry of Finance (2014) stipulated that the South African government's economic growth remains highly dependent on industrialisation. Industrialisation in the economy of South African has been identified as the driving force to productivity and structural change and shifting the economy from low to high productivity activities and for technological growth which is innovation-driven. South Africa's source of comparative and competitive advantage is the enormous natural endowed of minerals that are not fully extended to reach the economic potential. South Africa is a country concomitant with the utmost value of non-energy natural resources globally, valued in a surplus of US\$2.5 trillion. Despite the natural resources, the South African government envisaged that oil and gas reserves might be potentially be added to the natural resources mix, as consideration efforts deepen in the next few years, offshore and the Karoo Basin.

As reported in Small Enterprise Development Agency (2017) South Africa has the potential towards expanding the export sector, mainly with deference to the agricultural manufacturing exports to net food-importing nations as far as the Far East and the Gulf states. Ministry of Finance (2014) asserts that embarking on industrialization will enhance employment growth in various sectors in South Africa, predominantly the services sector and agricultural sector. Furthermore the manufacturing sector outcomes in the economy-wide comprehensive growth and employment development. As reported in Small Enterprise Development Agency (2017), manufacturing which is the initiatives of productivity and structural change in transforming the South African economy from sluggish to high productivity activities are depended on industrialisation and the main driver of technological progress and innovation. According to Africa Economic Outlook (2017), emerging micro-businesses are opportunity-driven and have the utmost potential to the contribution of industrialisation in South Africa.

According to the Department of Labour (2016-2017), the South African labour market indicates a slight increase in employment from the first quarter of 2016 to the first quarter of 2017. As reported in the Small Enterprise Development Agency (2017) the SMME sector contributed to the increasing number of employment of approximately 10.6 million people in South Africa. As shown in Figure 3.6 –Only 2.5 million jobs were for the SMME owners themselves, while the balances of 8.1 million jobs were those of SMME employees. By far, most of these jobs were created in the formal sector, though the

contribution to the total declined slightly from 58.7 percent in 2016Q1 to 57.6 percent in 2017Q1. The number of jobs for others (not-SMME owners) grew with 4 percent in the four quarters up to 2017Q1. The informal sector contributed the most to growth while SMMEs in agriculture and private households shed some jobs.¶ Small Enterprise Development Agency, 2017, p. 12).

2.4. Role of the South African government on businesses in the first year

According to the Department of Small Business Development (2017/18), the South African government in 2014 established the DSBD. The DSBD conceptualised framework was to eradicate fragmented business landscape, inadequate support to the SMME sector, deficiency of specialised and intensive support with restricted resources, the high failure rate of SMMEs, inadequate sector-performance in comparative to other developing countries and interactive in relative to government decisions on economic transformation. Furthermore, the delegated department was mandated to improve the growth of the SMMEs sector and Co-operatives, predominantly for employment growth, eradication of poverty and inequalities, through an inordinate focus on youth, women, and people with disabilities. In retrospect SEDA was established in 2004 under the DTI through merging three organisations, namely the Ntsika Enterprise Promotion Agency, the National Advisory Centre (NAMAC) and the Community Public-Private Partnership Program (CPPP). The GODISA Trust and National Technology Transfer Centre were integrated into SEDA in 2006 to form the SEDA Technology Programme (STP).¶ (Global Entrepreneurs Monitor, 2016/2017, p. 37). Department of Small Business Development (2017/18) articulates that the vision of the department is to develop, assist, mobilisation of resources and increase the momentum of entrepreneurship and growth of sustainability and competitive small businesses and co-operatives.

Table 2.2 Programme over/under-expenditure for the 2015/16 financial year

Programme name	2015/2016		
	Final appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	80 857	66 447	14 410
Cooperatives development	12 241	11 692	549
Enterprise Development and Entrepreneurship	1 034 422	1 020 752	13 670
Total	1 127 520	1 098 891	28 629

Table 2.2: Source: Department of Small Business Development 2015/16, Programme over/under-expenditure for the 2015/16 financial year

According to the Department of Small Business Development (2015/16), the department's directive is to endorse the development of businesses in the first year of operation that contributes to comprehensive growth and adequate employment. The directive is through grants and incentives to qualifying businesses especially businesses in the first year of operation that are from historically destitute backgrounds. Table 2.2 indicates that the expenditure on three programs that are facilitated with DSBD to assist businesses in the first year of operation. Program one which is the Administration had R66.4 million (82.2 percent) of the expenditure with a budget adjustment of R80.8 million, subsequent in R14.4 million (17.8 percent) of under-expenditure. Cooperatives Development which is the second program had R11.7 million (95.5 percent) of the expenditure with a budget adjustment of R12.2 million, resultant in R549 000 (4.5%) of under-expenditure. The last program which is the enterprise development and entrepreneurship had an expenditure of R1.021 billion (98.7 percent) on the budget adjusted of R1.034 billion, consequential with R13.6 million (1.3 percent) of under-expenditure.

National Treasury (2017) points out that the South African government played a significant role in the development of approximately 5 000 micro-businesses through financial and no financial support. The support assistant emerging micro-businesses in the improvement of the business competitiveness and expedite market accessibility. The Black Business Supplier Development Programme which was mandated through financial assistance to assists approximately 2 000 micro businesses to be sustainable and contribute to adequate employment. South African government industrialized various policy instruments aimed to grow the economy. The corporate income tax expenditures policy instrument the government used to stimulate micro-businesses played a major role in eradicating impediments on investment. The policy instrument played a role in the funding, stimulating and empowering emerging micro-businesses on the development of human capabilities, spatial integration and economic transformation of industrial assets. Furthermore, the collaboration between the South African government and businesses contributed to the improvement of the business registration processes, regulatory environment and improved funding for micro-businesses. –The National Industrial Policy Framework (NIPF) adopted from the Government in 2007 provides the more general industrial policy framework for IPAP and the blueprint for Government's collaborative engagement with social partners from business, labour and civil society.¶ (Department of Trade and Industry, 2015/16, p. 7).

According to the Department of Trade and Industry (2015/16), the main objective of the government is to

avert industrial deterioration and support business growth and diversification of South Africa's especially to micro-businesses as remaining the driving vehicle towards economic growth. Department of Trade and Industry (2009) articulates that small enterprise support policy instrument from the government was used to reinforce opportunities in the market for micro-businesses through permutation of refining supply-side aspects such as financial and technical support. The financial aspect was to improve the provision of financial resources to emerging micro-businesses through the rebranding of the Khula Enterprise Finance to become SEFA. Whereas the technical support was through a merging of various government agencies such as Ntsika Enterprise Promotion Agency, NAMAC, CPPP and the Small Enterprise Human Development Programme into the SEDA. The implementation of the NIPF, predominantly with relation to the four compulsory conditions for industrialisation: an established and support of macroeconomic and regulatory environment; skills and knowledge for industrialization, traditional and contemporary infrastructure; and technological determination. Furthermore NIPF significant role in reference to the improvement of the competitiveness of the SMMEs sector.

2.5. Government agencies

According to Agwa-ejon and Mbohwa (2015) and Global Entrepreneurs Monitor (2016), the South African government established numerous incubation programme through the Department of Trade and Industry (DTI) to support emerging micro-businesses development in the first few years of operations and to eradicate major obstacles that hinder survival of emerging micro-business through government agencies such as NYDA, SEDA, SEFA and SBDA. However; SIMODISA (2015) stipulates that the effect of the incubation program is poor, due to inadequate marketing of the program, infancy of the venture capital industry, obstinate program design and difficulty in access for emerging micro-businesses residing in rural areas. According to Global Entrepreneurs Monitor (2016), the marketing inadequacy of the incubation program has resulted in most emerging micro-businesses struggles to survive in the first year of operation. Mandah and Chidinma (2012) articulate further that the vast majority of emerging micro-businesses are not knowledgeable of such assistance and the minority that are knowledgeable articulated that the government agencies focus on businesses that are operational. SIMODISA (2015) elaborates further on the effectiveness of the government agencies as convoluted and managed with inadequate relevant skilled personnel.

2.6. Accessibility of capital

Lack of financial resources is a barrier to the survival of businesses in the first year of operation. Financial barriers in accordance with Ribas (2014) are one of the detrimental forces for entrepreneurial activities in South Africa. Chakraborty and Mallick (2012) point out collateral requirements from lenders or investors have been a hindrance to the accessibility of capital for businesses in the first year of operation, in South Africa. The hindrance has been a contributory factor towards the high failures of businesses in the first year of operation. Kamunge, Njeru and Tirimba (2014) state that businesses in the first year of operation resort to loan sharks as is linked with a linear requirement for capital accessibility. However; loan sharks are correlated with high interest and detrimental towards the business profit margin and liquidity of the business. Fatoki (2014) indicates that scarcity of capital during start-up, reduction of profit margins as a result of high-interest rates distresses the business and furthermore the distress cripples growth, profitability, and sustainability of businesses in the first year of operation. Canton, Muturi; Grilo, Monteagudo and van der Zwan (2012) delineates that the inaccessibility of capital for businesses in the first year of operation emerges from information asymmetry and inadequacy of financial records. Information asymmetry arises from business owners reluctant to share a comprehensive business plan. Information asymmetry became an impediment for businesses in the first year of operation to attain capital from lenders or investors. Due to the inaccessibility of capital, Elitcha and Fonseca (2016) indicate that businesses in the first year of operation struggle to acquire fixed costs to become operational which is a prerequisite during business start-up and further creates liquidity constraints. Fatoki (2014) indicates that more than 50 percent of businesses in South Africa are started every year, however; due to the inaccessibility of capital fails in the first year of operation. According to Karanja et al. (2013), inaccessibility of capital birthed financial, liquidity, credit and international trade constraints which are detrimental towards survival in the first year of operation.

2.6.1. Financial Constraints

Karanja et al. (2013) indicate that more than 50 percent of businesses in the first year of operation, in South Africa failure to capitalize on profit due to financial constraints. Financial constraints for businesses in the first year of operation are interlinked with a scarcity of financial resources during start-up. Frid, Wyman, Gartner and Hechavarria (2016) specify that individuals' health and survival of businesses in the first year of operation are intertwined. Ribas (2014) points out that financial constraints and individuals wealth play a significant measure of the liquidity of businesses in the first year of operation. Start-up costs are a driving force for potential business owners to embark on a business venture. In accordance with Rajesh et al. (2013), business owners are mostly depended on personal

savings, close family members and close friends for start-up costs. Personal savings, close family members and close friends reliability generate financial constraints due to Trade economics (2018) reported that South Africa has a 0.20 percent of personal savings in the fourth quarter of 2017. Old mutual (2017) stipulated that 0.20 percent indicates the vast majority of the South African population have little and/or no personal savings. According to Agbenyegah (2013), business environment changes and uncertainties in the economy create financial constraints for businesses especially in the first year of operation, in South Africa. Business owners face certain obstacles in capital accessibility and credit accessibility. The market and changes in the economy are obstacles that hinder opportunities for investment in micro-businesses in the first year of operation, in South Africa.

Karanja et al. (2013) point out that constraints such as poor market availability and strict requirements for capital accessibility from financial institutions and/or investors are detrimental towards businesses in the first year of operation, due to the impact on cash flow management survival of businesses is unlikely. Kira (2013) articulates the strict requirement for capital accessibility as the root cause of inadequate external accessibility of capital for businesses in the first year of operation which resonates with financial constraints. The argument of Karanja et al. (2013) asset which is used as collateral creates financial constraints as the vast majority of business owners in the first year of operation embark on business ventures without substantial savings and/or physical assets. Financial constraints have not only negatively impacted the survival of businesses in the first year of operation, however crippled growth, profitability, and sustainability in the SME sector. The survival of businesses in the first year of operation is highly depended on the adequacy of accessibility of capital and accessibility of financial resources. Agbenyegah (2013) argues business environment uncertainties, business skills deficits and tax increase create constraints that contributed to the premature failure of businesses in the first year of operations, in South Africa.

According to Ovat (2013), during business start-up businesses in the first year of operation encounters financial constraints despite adequate development of financial markets in South Africa and have resulted in a high failure rate in the first year of operation. Agbenyegah (2013) elaborates further that despite stability in South African financial markets businesses in the first year of operation, South Africa struggles to be competitive due to financial records inadequacy to entice investors in stock markets. In accordance to Garcia-Queved, Segarra-Blasco and Teruel (2016), innovative industry among business in

the first year of operation are exceedingly financial constrained because of high operating costs which emerge from Research and Development and limited resources and poor capital accessibility impacts survival of businesses in the first year of operation, in South Africa. The intensity of the operation costs of businesses in the first year of operation on innovative industry envisaged the low return of investment in the few years of operation which negatively influences decisions of investors to invest in businesses in the first year of operation under the innovative sector. According to Ferrando and Ruggier (2015), financial constrained businesses in the first year of operation are unlikely to survive. Financial constraints are one of the driving forces towards businesses in the first year of operation to experience liquidity challenges.

2.6.2. Liquidity Constraints

Elitcha and Fonseca (2016), indicate that fixed costs which are a prerequisite during business start-up crafts additional liability such as liquidity constraints during business establishment for businesses in the first year of operation. Ribas (2014) points out struggles to acquire fixed costs to be operational have resulted in the high failure rate of businesses in the first year of operation. Elitcha and Fonseca (2016) point out wealthier individuals and/or individuals with substantial personal sayings are less likely to be affected with fixed costs during start-up which can resonate liquidity constraints. However, Ribas (2014) argues skills deficit and innovative businesses in the first year of operation can still result in a hasty decline in personal wealth which wealthier individuals and/or individuals with substantial personal sayings will still struggle with liquidity constraints. Expenses such as salaries and wages of employees, escalating energy costs as well as rising petrol prices, stationery, telephone and interest costs impact negatively on earnings of micro-businesses. (Agbenyegah, 2013, p. 237).

Saridakis, Mole and Hay (2012) elaborate further on expenses that negatively affect business operation in the first year due limited financial resources and Agbenyegah (2013) articulates that skills deficit creates a ripple effect on existing challenges of inadequate accessibility of capital due business owners in the first year of operation lack skills to optimize operating expenses or costs through existing financial resources. Consequently, the constraints contributed to the low entrepreneurship activity score reported on Global Entrepreneurs Monitor (2015/16). Saridakis et al. (2012) states liquidity constrained businesses in the first year of operation to be a competitive disadvantage in relation to low earnings and hence, are less to grow and fully exploit opportunities in the market place which leads to insignificant profits. Furthermore, businesses that reported liquidity constrained in the first year of operation are unlikely to survive. Ovat

(2013) articulates liquidity constraints as a result of an imbalance between inflow and outflow of cash. Elitcha and Fonseca (2016) indicate businesses imbalance between the inflow and outflow of cash particularly in the first year of operation is subjected to late payments from debtors. The vast majority of businesses in the first year of operation receive payment after three months since the day an invoice was created. Late payment from debtors creates a ripple effect as businesses in the first year of operation have limited financial resources which resulted in challenges to cover operating costs for the business and making a late payment to creditors which negatively affect business relationships.

Ribas (2014) indicates late payment as a contributing factor to liquidity constraints on businesses in the first year, bad debts as a result of limited financial resources to recover cash from debtors negatively impact business survival in the first year of operation, in South Africa. Bad debts from debtors create liquidity constraints as operating costs cannot be recovered. Furthermore, Mungal and Garbharran (2014) assert that late payment from debtors, inadequate cash flow management contributes towards liquidity constraints on businesses in the first year of operation. Inadequacy of cash flow management emerges from business skills deficits among businesses in the first year of operation, which results in poor cash budgets to envisaged future cash flows difficulties, meet financial obligations and further financial risks. Business skills deficit has contributed towards liquidity constraints on business in the first year of operation; because of poor prioritization on financial resources as businesses in the first year of operation, in South Africa focuses on profit and neglects cash flow management. Business owners in the first year of operation struggle to distinguish the difference between inflow, outflow, and profit due to both utilization of one bank account for both business and personal transactions, whereby becomes difficult on monitoring liquidity of the business

The deficiency of business skills resulted in business owners bulky acquisitions and overlook post-dated issued cheques or future payments obligatory. The poor prioritization of financial resources consequences contributes towards the failure of businesses in the first year of operation; as businesses struggle to fulfil payment obligations which consequences are liquidity constrained in the first year of operation. Muhindo, Mzuza and Zhou (2014) state businesses in the first year of operation are mainly sales driven and sales are interlinked with growth in debtors. The unfamiliar and/or inadequacy accounting knowledge such as accounting information systems results in businesses in the first year of operation to become liquidity constrained. Additionally, liquidity constraints negatively impact business survival in the first year of

operation. Liquidity constrained businesses according to Elitcha and Fonseca (2016) are concurrently credit constrained.

2.6.3. Credit Constraints

In accordance with Gichuki, Njeru and Tirimba (2014), accessibility of credit plays an essential role in business survival in the first year of operation, in South Africa. Difficulty in credit accessibility from lenders/financial institutions resulted in credit constraints. The root cause of the strict requirement of lenders in reference to hedging contrary to borrowers' risks through arduous collateral, which businesses in the first year of operation lack are information asymmetry. Kamunge, Njeru and Tirimba (2014) indicate credit and collateral legislation are hindrances as certain assets businesses in the first year of operation, in South Africa own cannot be used as collateral, which befits challenging to attain capital. Canton, Muturi; Grilo, Monteagudo and van der Zwan (2012) point out that information asymmetry is an impediment for businesses in the first year of operation to attain credit from lenders. Chakraborty and Mallick (2012) articulate information asymmetry as business owners' in the first year of operation difficulty to elaborate business plans to lenders. According to Kamunge et al. (2014), lack of acquaintance in formulating documents mandatory to lenders has created credit constraints on businesses in the first year of operation. Canton et al. (2012) stipulate further that inadequate financial records and lack of credit history are hindrances accessibility of capital because lenders require such records envisaged financial forecast of the business. Chakraborty and Mallick (2012) argue that screening and monitoring processes lenders to eradicate information asymmetry is ineffective due to business owners in the first year of operation are reluctant to share a comprehensive business plan.

Gichuki et al. (2014) point out that such a conundrum is an impediment as lenders' perspective is businesses in the first year of operation are high risk and a comprehensive business plan is compulsory. Thus resulted in the vast majority of lenders provide capital to medium and large businesses. Kamunge, Njeru and Tirimba (2014) state that due to such conundrum businesses in the first year of operation resorts toward loan sharks due to the linear requirement for capital accessibility. However; loan sharks are associated with high interest and are detrimental towards businesses in the first year of operation as drastically reduces profit margin which plays a significant role in survival in the first year of operation. Credit constrained business is detrimental towards survival and sustainability in the first year of operation. In addition, credit constraints are detrimental factors for businesses in the first year of operation towards acquiring substantial capital required for a business to participate in the international

market. Businesses in the first year of operation with limited financial resources and credit constrained struggles towards embarking on the international market to maximize returns.

2.6.4. International trade constraints

Inaccessibility of capital according to Ocloo et al. (2014), for businesses in the first year of operation is a substantial barrier to participate in the global market. Ocloo, Akaba and Worwui- Brown (2014) point out that globalization has geared and directed a range of how business is conducted globally and consolidated national markets into the solitary enormous global market place. Businesses particular in the first year of operation have a propensity to be under-presented in the international market. Craig and Douglas (cited in Ocloo et al. 2014) indicate challenges to embark on international markets for businesses in the first year of operation is due to limited financial resources and antagonize barriers and competitive forces are detrimental towards business survival. According to Ocloo et al. (2014), the global market is interlinked with adequate financial resources for a business to envisage, responsive and adaptive to the global competitive business environment. Yuhua and Bayhaqi (2013) point out the inadequacy of financial resources to institute requisite market share and production capacity towards complying with basic standards of targeted market share cripples businesses in the first year of operation to participates in the global market place. Edinburgh group (2012) agrees that businesses in the first year of operation, in South Africa face barriers to participate in the global market.

Difficulties inaccessibility of capital according to Shinozaki (2016), residues an obstinate obstacle for businesses in the first year of operation and struggles towards participating in the global market due to superfluous expenditures and cost of trade finance. Traditionally businesses in the first year of operation are internal financed either from the business owners and/or close family members and friends. Patmore and Haddoud (2015) indicate domestic financial constraints confined businesses in the first year of operation to participate in the global market. Global participation is associated with the absorption of prospective overseas business losses and financial constraints create a substantial barrier whereby businesses in the first year of operation struggle to participate in the global market. Ocloo et al. (2014), states that due to inadequate accessibility of capital businesses in the first year of operation challenge to participate in the global market as a result of saturated domestic market structure such as perfect and monopolistic. The inadequate accessibility of capital is mainly due to the lack of audited financial statements and/or poor credit rating. European Commission (2017) indicates inadequate financial statements of businesses in the first year of operation create a stumbling block for lenders to evaluate

business cash flow, credit history, and payment capacity. The above indicates that international trade constraints confine businesses in the first year of operation to maximise returns with limited resources. The financial, liquidity, credit and international trade constraints which emerged from poor accessibility of capital businesses in the first year of operation experiences according to African Economic Outlook (2017) is interrelated with deficiency of business skills.

2.7. Business skills deficiency

Businesses in the first year of operation, in South Africa according to Karanja et al. (2013), encounter skills deficiency. The deficiency has crippled SMMEs industry especially businesses in the first year of operation. The inadequacy of technical skills and business skills deficit according to African Economic Outlook (2017), are obstacles to business competitiveness. Marn, Hin and Bohari (2016) coincide with Karanja et al. (2013) that, these businesses continue to face a high turbulence business environment due to skills deficiency. As shown in Figure 2.1 below, there is a gradual increase of 1.4 percent from 19 percent of tertiary education, a significant increase of SMMEs owners without a full primary education and SMMEs owners without education attainment propagated faster than another education group. The total growth of SMMEs in the last twelve months was owners without attained secondary education.

Figure 2.1: SMMEs by education group

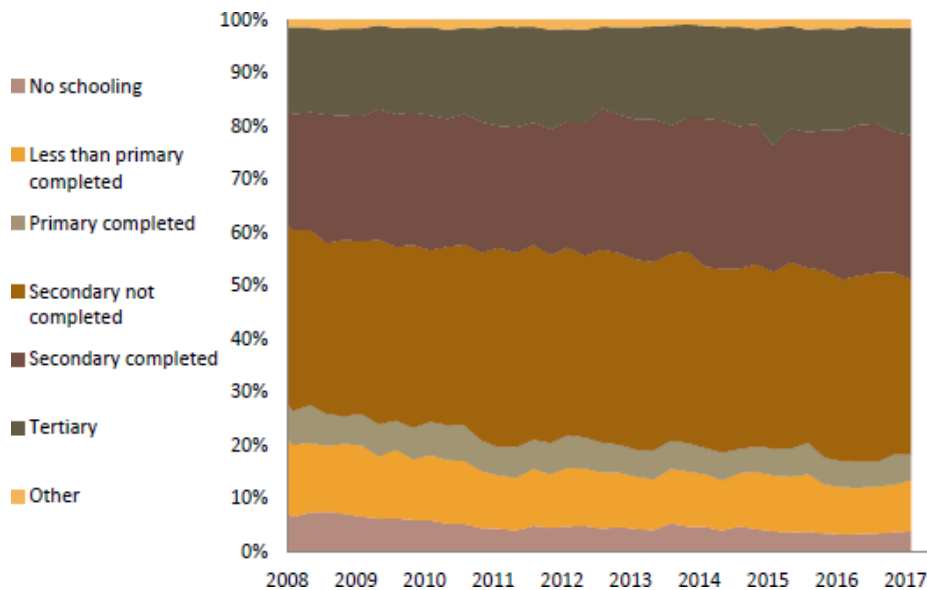


Figure 2.1: Source: Small Enterprise Development Agency 2017, SMMEs by education group.

Global Entrepreneurship Monitor (2015/16) reports that the South African education system which does not encourage entrepreneurship is detrimental to the survival of businesses in the first year of operation.

The Global Competitiveness Report (WEF, 2016-2017) reported that South Africa is rated 123 from 138 countries in the fourth pillar on health and primary education. The inadequacy level of education system especially in mathematics and physical science is a contributory factor in SMMEs sector residues inaccessible to businesses, which impacts the competitiveness of business in the first year of operation, in South Africa. The deficiency of business skills led to the high failure rate of businesses in the first year of operation. According to Karanja et al. (2013), deficiency of skills of business in the first year of operation is financial management, reporting, marketing, and management.

2.7.1. Financial management

Meredith (cited in Kilonzo and Dennis 2015) asserts that financial management plays a significant measure in the management of internal resources of the business in the first year of operation. Furthermore, financial management comprises of investment, operation, marketing or personnel decisions and total competitiveness of the business. Inadequacies of financial skills during the early stages businesses have an influence on high failure rates. -Inefficient financial management may damage business efficiency and continuously affect the growth of businesses. (Kilonzo and Dennis, 2015, p. 66). Inadequacy of accessibility of capital Cornwall (cited in Njoroge and Gathungu 2013) stipulates as an impeding during start-ups. However, a major challenge is skills deficiency on businesses as pose a threat to business survival in the first year of operation, in South Africa. The mismanagement of financial, poor management of cash inflow and outflow and inadequate cost control is contributory factors to high failure rates of businesses in the first year of operation.

Elitcha and Fonseca (2016) point out that the management of cash flows of the business plays a significant measure in liquidity and business survival in the first year of operation. Mungal and Garbharran (2014) assert that business owners focus on sales growth without consideration of inventory to assets ratio which results in the inadequacy of management on cash flows. The inadequacies of management of cash flows are influential to account payables, account receivables, and poor debt ratio. Most businesses in the first year of operation struggle to distinguish dissimilarity amongst profit and cash flow due to a deficiency of financial management skills. According to Agbenyegah (2013), businesses in the first year of operation have very limited financial resources and the management of scarce resources plays a significant role in business to become competitive. The lack of financial skills businesses in the first year of operation struggles to optimize limited resources on operating costs or expenses which results in suboptimal output and profits and successively high failure rate. Muhindo, Mzuza and Zhou

(2014) indicate that more than 50 percent of businesses in the first year of operation lack skills of accounting information systems which plays a significant role in the management of financial resources. Mazzarol, Reboud and Clark (2015) state due to poor financial skills, businesses in the first year of operation do not have financial control systems to monitor cash flow cycles, break-even and profitability of the business. Salazar, Soto and Mosqueda (cited in Karadag 2015) outline that the high failure rate of businesses in the first year of operation, in South Africa emerges from poor financial planning, inadequate financial projection, capital mismanagement and excessive fixed-asset investment. According to Kilonzo and Dennis (2015), skills deficiency on businesses in the first year of operation negatively impacts the accessibility of external sources to finance the business. Financial deficiency contributes to liquidity challenges on businesses in the first year of operation. More than 50 percent of businesses in the first year of operation, in South Africa have poor financial management which contributes towards record management deficiency.

2.7.2. Record management deficiency

Stephen and Zotorvie (2017) point out that success or failure of the business is subjected to keeping precise and timely accounting information to articulate a clear financial business position. According to Aladejebi and Oladimeji (2019), record management plays a significant role in business survival in the first year of operation, in South Africa. Ismail and King (cited in Amoako 2013), indicate that the development of sound record management for business owners in the first year of operation, in South Africa centers on the level of accounting knowledge and skills. Myeko and Madikane (2019) assert with Stephen and Zotorvie (2017) that record management is essential towards adequate managerial decision-making, consistency, impartiality, continuous learning, and development, effective risk management and competitiveness of business in the first year of operation, in South Africa. Myeko and Madikane (2019) state that poor record-keeping of businesses in the first year of operation, in South Africa constructs obstacles that are detrimental towards business performance and competitiveness. Muchira (cited in Myeko and Madikane, 2019) highlights that poor knowledge of record-keeping of businesses in the first year of operation, in South Africa emerges from lower levels of education, or business management skills, inadequate personnel, and a lack of business knowledge. Abdul-Rahaman and Adejare (cited in Aladejebi and Oladimeji, 2019) highlight that inadequate record-keeping or unattainability of financial records has results in mismanagement of business resources and ineffective cash management which have contributed towards high failure rate of businesses in the first year of operation, in South Africa. Inadequate record keeping according to Aladejebi and Oladimeji (2019) creates a conundrum for business

owners in the first year of operation, in South Africa on distinguishing between business transactions and personal transactions furthermore have utilised business assets for personal benefits.

Amoako (2013) articulates further that the lack of distinguishing between business transactions and personal transactions creates a challenge for business in the first year of operation, in South Africa to differentiate business expenses and profits. Furthermore, Agir (2017) delineates that the inefficient utilisation of accounting information is detrimental to business owners' calculation of business profit in the first year of operation, in South Africa. Amoako (2013) urges that business owners in the first year of operation, in South Africa results in a lack of traceability of the daily transactions and create challenges to account for the expenses and profits for the business. Musah & Ibrahim (cited in Aladejebi and Oladimeji, 2019) point out that inadequate record-keeping on businesses in the first year of operation, in South Africa, is inclusive to cost, time, lack of accounting skills on business owners and employees. "Some business owners have the tendency to rely on personal memory rather than keep proper books of accounts, while some business owners believe that keeping proper business records will expose the business to pay more tax." (Aladejebi and Oladimeji, 2019, p. 33). According to Amoako (2013), business in the first year of operation, in South Africa is a sole proprietorship and business owners involved in the daily operation of the business preserved adequacy record-keeping as insignificance. Osuala (cited in Amoako, 2013) indicates that a minority of businesses in the first year of operation, in South Africa record transactions unsystematically without complying with any recognized accounting systems which result in difficulty in monitoring the cash flows of the business. Amoako (2013) assets with Aladejebi and Oladimeji (2019) that ineffective record-keeping is one of the major causes of high business failure in the first year of operation, in South Africa. According to Amoako (2013), accounting is a key challenge to management of the business in the first year of operation, in South Africa. According to Sallem, Nasir; Nori and Kassim (2017), more than 50 percent of businesses in the first year of operation lack the adequate accounting skills required for the business. The inadequacy of accounting skills is detrimental to the financial viability of businesses in the first year of operation, in South Africa.

Smirat (cited in Sallem, et. al., 2017) points out that one of contributory elements towards inadequacy record-keeping is lack of accountability for businesses in the first year of operation to disclose business performance publicly. According to Sallem, et. al., (2017), more than 50 percent of business owners in the first year of operation, in South Africa are not enlightened with accounting, bookkeeping, and

significance towards the business. Sibanda and Manda (2016) indicate that lack of business skills is a contributory element to the inadequacy of accounting information to the maximum for businesses in the first year of operation, in South Africa. “Critical weakness with the informal setup of business in the first year of operation is the lack of proper accounting records of business activities. Keeping accounts is seen as a waste of time, money and effort, and is also avoided as a means of ensuring that there is no track record of what the proprietor would have done.” (Sibanda and Manda, 2016, p. 31). Sibanda and Manda (2016) highlight the inefficient utilisation of accounting information to assist financial decisions on businesses in the first year of operation, in South Africa negatively impacts the financial position and long term sustainability of the business. Mbae (2015) delineates that the inadequacy of record management mostly leads towards detrimental vulnerability which results in financial adversity, such as cash flow challenges, insolvency, and discontinuation of trade and bankruptcy. Mungal and Garbharran (2014) state that lack of record management further creates a challenge for businesses in the first year of operation, in South Africa to eradicate cash flow problems and anticipate any liquidity constraints that might emerge. Myeko and Madikane (2019) and Sibanda and Manda (2016) indicates businesses in the first year of operation, in South Africa pay less attention to business records due to the main drive is selling business products and lack of such consideration results in negligence on the maintenance of business records. Muteti et al. (cited in Myeko and Madikane 2019) articulate further the negligence on the maintenance of business records as a contributory factor towards businesses in the first year of operation, in South Africa inadequacy of storage on manual records for the business. The inadequacy of manual record- keeping contributed towards a high failure rate of businesses in the first year of operation, in South Africa. Sallem et al. (2017) urges that lack of manual record-keeping emerges from business skills deficit and scarcity of resource which creates a conundrum for businesses in the first year of operation, in South Africa to employ skilled additional individuals towards managing business records due to costs that is influential to the profitability of the business. Aladejebi and Oladimeji (2019) state that lack of awareness of the significance and benefits of proper record keeping contributes towards the inadequacy of record management on businesses in the first year of operation, in South Africa. Amoako (2013) indicates that lack of awareness contributes towards low priority linkage on business owners in the first year of operation, in South Africa and record management.

Arowomole (cited in Adu 2016) states that lack of financial records for business owners in the first year of operation, in South Africa to attain necessary information required towards evaluating operating

efficiency and competitiveness of the business. In addition according to Adu (2016) inadequacy of record, management creates a challenge for business owners to determine any additional financial resources or capital required for the business. The inadequacy of record management is detrimental towards determining suitable pricing for merchandise, business venturing into new opportunities and evaluating business financial health in the first year of operation, in South Africa. Mensah et al. (cited in Amoako 2013) states that Inadequacy of record management has contributed to businesses in the first year of operation, in South Africa lack of records on pertaining to finance operations, audited accounts, sales, staff costs, owners remunerations, tax returns, marketing, accounting and credit borrowing from lending institutions. The lack of adequate record management results in business owners in the first year of operation, in South Africa to present business financial position to prospect stakeholders. According to Kahsay and Zeleke (2019), inadequate record management creates a hindrance for business owners towards managing short-term challenges such as expenditure, costing and cash flow through presenting relevant knowledge to assist in control and monitoring required for survival in the first year of operation, in South Africa. Furthermore, lack of record management is detrimental to the financial performance of businesses in the first year of operation, in South Africa. Inadequate record-keeping and accounting information result in difficulty for financial institutions towards evaluating returns and potential risks are influential to businesses in the first year of operation, in South Africa to acquire capital. (Kahsay and Zeleke, 2019, p. 2). Larson and Clute (cited in Stephen and Zotorvie 2017) further articulate that poor record management on businesses in the first year of operation, in South Africa results in inadequate planning, poor expense control, poor collection of accounts receivable, inadequate financial condition, and poor information on decision making. In addition shortage of record management businesses in the first year of operation, in South Africa struggles to determine performance, detect customer and supplier account balances and estimate prospect performance of the business. The inadequacy of financial statements amongst businesses in the first year of operation in accordance with Goltz (cited in Agir 2017) emerges from a lack of record management. In addition, record deficiency is influential on the marketing ability of competitive offerings of the business in the first year of operation.

2.7.3. Marketing

Du Plessis, Indavong and Marriott (2015) indicate that businesses in the first year of operation are subjected to adequate financial resources and marketing capabilities for survival. In accordance with Osei, Shao; Forkuoh, and Osei (2016) business owners in the first year of operation struggle to effectively market products and/or service due to marketing skills deficiency. Furthermore, Cromie (cited

in Schild 2014) articulates marketing skills deficit among businesses in the first year of operation is an obstacle to adequate implementation of marketing fundamentals. According to Ebitu et al. (2015), the majority of businesses in the first year of operation due to marketing deficiency struggles with analysing market opportunities, advertising, resolving marketing problems and complexity to manage business advertising and other promotional tools. Lack of marketing skills Ayozie, Oboreh, Umukoro and Ayozie (cited in Ebitu et al. 2015) elaborates as result in poor quality products, lack of knowledge on competition, poor distribution, poor promotion, lack of pricing methods and businesses not adequately positioned. Kangasmäki (2015) states that the marketing skills and survival of businesses in the first year of operation have substantial interrelationships, due to businesses in the first few years are infancy stage in the market place and highly dependent on the marketing of competitive offerings. According to Kotler and Keller (2014) deficiency in marketing fundamentals negatively impacts branding, pricing, advertising, communication and marketing strategies of business competitive offerings in the first year of operation.

2.7.3.1. Branding

According to Gundala, Jack, and Khawaja (2014), businesses are vulnerable to a mutable competitive environment than large businesses. Berryman (cited in Gundala et al. 2014) points out brand management as a vital internal element for the survival of businesses in the first year of operation. Businesses in the first year of operation seldom embrace brand management in the day-to-day activities of the business. Gundala et al. (2014) argue that businesses on the development of products and/or services that brand awareness is not a meticulous goal in the first year of operation. More than 50 percent of business owners in the first year of operation are not effusively aware of the prominence of branding. Ncube (2016) indicates a scarcity of financial resources on businesses in the first year of operation is a contributory factory on business owners focus on operational activities relatively than for brand development processes which comprise of markets and product life stages, brand proliferation, consumer revolt and fragmentation of media. Gundala et al. (2014) state business owners play a critical role in crafting brand equity. However; business owners are an exemplification of the brand, and due to marketing skills, deficit business owners lack capabilities towards adequately creating brand equity.

According to Hong and Diep (2016), obstacles that hinder businesses in the first year of operation to embark on branding comprise knowledge deficiency, resource scarcity, and poor branding management.

Inadequate brand practices emerge from lack of brand strategies competencies, lack of registered business logos and/or brand name for the business. According to Banerjee and Dasgupta (2015), the development of brand equity is associated with high costs and long term planning. “The costs of which may even grow in the future because of increasing media costs. Micro business lacks financial resources and 'share of voice' to have much of an impact, suggesting a limited role of branding.” (Banerjee and Dasgupta, 2015, p. 8). Deficiency in branding skills creates a conundrum for business in the first year of operation to endowed competitive offerings of the business and influential on pricing strategies due to lack of brand equity on competitive offerings.

2.7.3.2. Pricing

According to Achieng (2016), online marketing has created a search platform for consumers to a comprehensive search of the product with no additional costs. The capability of consumers to straightforwardly compare prices and proficiency to find close substitutes, businesses in the first year of operation are obligatory to lower prices. Schiesel (cited in Achieng 2016) states price dumping that emerges from an online marketing platform is detrimental to the survival of businesses in the first year of operation. Kangasmäki (2015) indicates the majority of South African medium and large businesses convert market segments through price dumping whereby an online marketing platform is used as a defensive strategy and entry barriers for businesses in the first year of operation to defend and/or acquire market share. Furthermore, lack of financial resources for businesses in the first year of operation is an obstacle to counteract strategies and engage in a price war with medium and large businesses that have adequate financial resources. Achieng (2016) asserts that online marketing platform ominously negatively affects the competitiveness of businesses in the first year of operation. Furthermore, the lack of adequate price strategies resulted in a high failure rate as businesses in the first year of operation struggled to achieve target profit margins to be competitive in the first year of operation.

Omar and Anas (2014) articulates further on the reduction of product pricing as a major challenge due to development and/or the introduction of new product is associated with high costs. –Because takes time to roll out a new product, work out the technical problems, fill dealer pipelines and gain consumer acceptance, sales growth tends to be slow in the introduction stage. Profits are negative or low, promotional expenditures are on the highest ratio to sales because of the need to inform potential consumers and prices tend to be higher because costs are high.¶ (Kotler and Keller, 2014, p. 335).

Kangasmäki (2015) points out high costs associated with the introduction of new product and inadequate accessibility of capital results in businesses in the first year of operation develops low-quality products. The low-quality product negatively affects the competitiveness and survival of businesses in the first year of operation. The inadequacy of pricing on competitive offerings has a direct influence on fixed and variable costs and maximisation of profit required on the survival of businesses in the first year of operation. Kotler and Keller (2014) point out that inadequacy pricing strategies negatively impact the effectiveness of advertising of competitive offerings.

2.7.3.3. Advertising

According to Gitau (2012), more than 50 percent of businesses in the first year of operation focus on the acquisition of customers to develop a market share for the business. Meanwhile, the marketing principle which is advertising is neglected. Wong and Merrilees (cited in Du Plessis 2015) further articulate that a various number of businesses in the first year of operation struggles because of limited financial resources dedicated to the attainment of business revenue whereby advertisement is compromised. Gitau (2012) states for businesses particularly in the first year of operation to develop brand equity with an aim on the acquisition of market share is challenging due to deficiency of marketing skills and limited financial resources. Business owners in the first year of operation according to Du Plessis (2015) perceive advertising as expensive and as additional costs additionally limited financial resources create an impediment for survival in the first year of operation. The inadequacy of advertising for businesses is detrimental in the first year of operation. The inadequacy of advertising skills is a disadvantageous factor towards the message communicated of business competitive offerings.

2.7.3.4. Communication

Saeed, Naeem, Bilal & Naz, (cited in Vongkhamheng 2016) point out marketing communication plays a key role in assisting business survival and business growth particularly in the first year of operation. Conversely; there are numerous obstacles to implement marketing communication because of the deficiency of marketing plan skills, limited budget, and database technology. Elements according to Lekhanya (2015) that contribute to challenges to implementing marketing communication are businesses in the first year of operation function on trial and error strategies. Vongkhamheng (2016) indicates marketing communication is an applied approach which is useful in business with a determination of presenting, persuasion and reminding customers about product and/or services of the business. major

marketing problems on businesses in the first year of operation concomitant with marketing communication such as skills incompetence to implement marketing strategies and practices, limited budget for marketing activities, challenges to manage advertising and promotion tools and competition. Incompetency to communicate competitive offerings is influential towards the high failure rate of businesses in the first year of operation. In addition, the communication of competitive offerings is correlated with marketing strategies required for survival in the first year of operation.

2.7.3.5. Marketing strategy

The effectiveness of marketing strategies according to Ogbadu (2013), is built with consideration of consumer behavior. However, consideration of consumer behavior can be attained over marketing research. Curry (cited in Ogbadu 2013) points out that businesses in the first year of operation fail to adequately conduct comprehensive marketing research. Marketing research inadequacy is detrimental to the achievement of business objectives and survival in the first year of operation. The majority of businesses in the first year of operation due to marketing skills deficit and costs associated with the development of marketing strategy struggles to attain marketing strategy. Kiveu and Ofafa (2013) elaborate on business survive in the first year of operation is highly depended on marketing research and is a resource to acquire relevant information on business trends and market conditions, regulatory facets, customer needs, and potential business alliances. Poor access to such adequate information due to various factors has negatively impacted the survival of businesses in the first year of operation. Gok (cited in Kiveu and Ofafa 2013) asserts that inadequate acquisition of information does not only negatively affect the survival of businesses in the first year of operation. Due to marketing deficiency crippling business owners to conduct data mining, information acquired results in struggles towards evaluating market conditions in relation to business opportunities and customer behavior.

Furthermore, the lack of marketing strategy among businesses in the first year of operation is detrimental to business competitiveness in the market place. –There are several and a range of technologies that can affect the marketing management strategies of micro businesses.‖ (Ardjouman and Asma, 2015, p. 114). According to Ardjouman and Asma (2015), technology can efficiently influence the survival of businesses in the first year of operation, over advertising and marketing of products and/or services. However, operational costs such as maintenance costs, training, software and lack of awareness in technological management crippled survival of businesses in the first year of operation. Vilaseca (cited in

Ardjouman and Asma 2015) indicates that despite operational costs and lack of awareness; external challenges such as business readiness and external pressure from competitors are detrimental to survival in the first year of operation. Mingaine (cited in Ardjouman and Asma 2015), points out South African macroeconomic policies have an influence on the effectiveness of all businesses especially businesses in the first year of operation are volatile. Policy uncertainties, fiscal deficits, and augmented macro-economic instability interlinked with the inflation rate become difficult for businesses in the first year of operation to be competitive.

Adrien (as cited in Ocloo et al. 2014) states businesses in the first year of operation struggle to participate in the global market especially if the local market has reach saturation due to a lack of knowledge on global marketing strategies. According to Kazimoto (2014), marketing and information create export challenges, whereby the root cause is a lack of knowledge of foreign markets, competitive strategies and lack of sales management skills. Most businesses in the first year of operation have limited knowledge to conduct market analysis and this creates obstacles to participate and/or venture the global market. Yuhua and Bayhaqi (2013) indicate businesses in the first year of operation to participate in the global market place continually should effectively position the business and crafting of a high-performance system towards growth and manage critical business functions such as marketing, planning, and management for survival and sustainability. Poor marketing strategies are a detrimental factor in the survival of businesses in the first year of operation. Inadequate marketing is a detrimental factor for businesses in the first year of operation to participate in the global market to maximise business profit. Inadequacy of branding, pricing, advertising, communication and marketing strategies business in the first year of operation are unlikely to embark on the international market.

2.7.4. Exporting barriers

According to Global Entrepreneurs Monitor (2015/16), more than 50 percent of businesses in the first year of operation defines globalization as a prospect to access additional and diverse markets. The capability to participate in the global market is influenced by a range of elements such as business skills deficit confines businesses in the first year of operation towards utilising existing resources for international trade. Al-Hyari, Al-Weshah, and Alnsour (2015) state businesses in the first year of operation encounter challenges from upsurge competition, the capability to adapt towards swiftly altering market demand, technological revolution, and capability constraints linking on information, innovation,

and inventiveness. For many businesses in first year of operation participating in global market through exporting is crippled due to number of elements such as inadequacy of business skills, high transaction/business costs in relation to large businesses; networks deficiency that possibly contributes to an inadequate knowledge, know-how, and knowledge of domestic and international markets; augmented market competition and awareness from large multinational businesses caused from globalization and economic integration. According to European Commission (2017), deficiency of financial and marketing knowledge and shortage of a recognized source of financial business advice from businesses in first year of operation to guide through intricacies of lenders, financial institutions, non-financial matters and assists towards securing accessibility to adequate source of finance, hinders use of financing alternatives of businesses in first year of operation. Poor standardized, supportability and accessibility of financial and marketing information about businesses in the first year of operation exemplifies an important barrier for different finance sources. These limitations are critical to broadening businesses in the first year of operation funding opportunities. Information barriers on businesses in the first year of operation funding market are influential in pursuing different providers of finance and alternative finance sources capitalizing or lending opportunities. Shinozaki (2016) argues accessibility to adequate financial knowledge, source of finance and trade finance is the most persistent prerequisites of businesses in the first year of operation that operate globally. Gebrewahid (2016) indicates businesses in the first year of operation due to limited resources and skills deficit struggles towards complying to foreign market regulations and documentation related to customs, shipping activities, and export procedures challenging to manage and such challenges is associated with high costs, time-consuming and red tape, which discourages participation in exporting activities. Difficulty in resolving legal-related challenges is due to unfamiliar foreign law, costs associated with the accessibility of foreign legal systems and time required to resolve legal disputes. Exporting activities according to Patmore and Haddoud (2015), envisaged generating substantial profits in global businesses, and because of emergent significance in industrialised countries, an in-depth understanding of exporting barriers has predominantly become a critical challenge in a business environment. Morgan and Katsikeas (cited in Al-Hyari et al. 2015) point out those exporting barriers are an impediment to businesses in the first year of operation competence to embark on business operations in the global market. Huda (2013) points out businesses in the first year of operation participating in the global market struggles to resolve disputes and additional legal-related challenges within exporting activities. OECD (cited in Huda 2013) states payment delays from the foreign market are considered one of the major exporting barriers for businesses in the first year of operation to

participate in the global market. Geographical distance and limitation from the central banks in foreign countries potentially create challenges for payment collection from the foreign markets. Gebrewahid (2016) states export regulation of foreign government, insufficient diplomatic support, deficiency in export market knowledge, inadequate marketing skills, and import substitutions are contributes to export barriers on businesses in the first year of operation. The shortage of domestic government’s export support services hinders businesses in the first year of operation to participate in the global market. Exporting barriers constrain business capability to attain a competitive advantage. In addition, exporting barriers are influential on businesses in the first year of operation to participate in Global Value Chains (GVC).

2.7.5. Global value chain barriers

“A global value chain refers to the full range of cross-border, value-added business activities that are required to bring a product or service from conception, design, sourcing raw materials, and intermediate inputs stages to production, marketing, distribution, and supplying the final consumer.” (Abe, 2016, p. 28). According to Abe (2016), various businesses that include businesses in the first year of operation can potentially participate in GVC and offers services built from business expertise as distributors, suppliers and business service providers such as third-party logistics suppliers, financial institutions, and market research businesses. As shown in Table 2.3 micro businesses inclusive to businesses in the first year of operation encounter numerous challenges in relation to participating in GVCs.

Table 2.3 Major Challenges for SME Participation in Global Value Chains

Challenges	Capabilities and limitations
Intensified competition	<ul style="list-style-type: none"> ● The small size of operation that results in a relatively high cost of production.

	<ul style="list-style-type: none"> ● Lack of market intelligence (for example, business opportunities, prospective customers, competition status, channels and distribution, local regulations and practices, and taxation). ● Inability to network. ● Inability to meet large demands. ● Uncompetitive price, quality and/or delivery. ● Inadequate institutional support and assistance. ● Lack of necessary manpower and financial resources.
Internationalisation	<ul style="list-style-type: none"> ● Inability to internationalise operation, due to limited capacity to analyse, penetrate and segment foreign markets. ● Technical limitations to act as suppliers to foreign buyers/investors.
Trade liberation	<ul style="list-style-type: none"> ● Lack of knowledge and skills. ● Less awareness of opportunities and challenges derived from trade agreements.

<p>Managerial skills</p>	<ul style="list-style-type: none"> ● Lack of knowledge about new strategies and technical inability to orient new design and production. ● Inability to allow time and manpower to acquire new skills. ● Lack of knowledge to use e-commerce. ● Inability to hire appropriately qualified and talented people. ● Inability to combat anti-competitive practices.
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Table 2.3: Source: Asian Development Bank Asian Development Bank Institute 2016, Major Challenges for SME Participation in Global Value Chains

As indicated in Table 2.3, Asian Pacific Economic Cooperation (2016) report, asserts lack of information in relation to benefits to embarking on GVCs and lack of managerial skills to conduct adequate market research creates an impeding to participate in GVCs. The lack of managerial skills due to due to skills deficit and financial constraints that hinders hiring adequate skills subordinates cripples businesses in the first year of operation to participate in the GVC network. The inadequacy of technological ability to act as a supplier to a foreign market for businesses in the first year of operation becomes challenging to participate in GVCs. As reported in SME Competitiveness Outlook (2017) recognizing, gathering and processing requirements in GVCs markets concerning quality, time and capacity are challenging for businesses in the first year of operation. Vast majority of businesses in first year of operation experiences deficient availability and capability of extension services (the scientific application for research and new information for business practices through formal business education); ineffective logistics networks; restricted vertical and horizontal value chain integration; and poor access to financial programmes for business owners in first year of operation; deficiency of information of domestic and foreign patents. The challenges are detrimental for businesses in the first year of operation.to participate and be competitive in GVCs. As reported in Asian Pacific Economic Cooperation (2016), global value chain barriers are linked with the inadequacy of business management skills.

2.7.6. Business management

According to Sidek and Mohamad (2014), management skills are one of the critical success factors especially businesses to survive in the first year of operation. Karanja et al. (2013) indicate inadequate management skills are an obstacle to the survival, growth, and development of businesses in the first year of operation. The deficit has an extravagant impact on business and detrimental to the competitiveness of business in the first year of operation. The majority of business owners in the first year of operation are highly equipped with technical skills and deficiency of management skills cripples business competitiveness due to management skills is the gatekeeper to adequate break-even analysis, economic order quantity and counteract competitive intensity. The inadequacy of management skills results in the inability to process and interpret data, poor management of customer relationships, inadequate financial records. According to Gachina (2016), the inadequacy of management skills within businesses in the first year of operation contributes to poor debt management and failure to attain pertinent information on business management and environmental factors.

Mateus (2015) argues that deficiency of management skills on businesses in the first year of operation results in inefficiencies that influence internal failures which further pretentious with environmental uncertainties. There poor permutation of resources and opportunities which are financial and information resources due to inadequate management skills among businesses in the first year of operation. The poor permutation of resources and opportunities contributes to a high failure rate due to a lack of incapacity in administrating scares resources. Chidinma (2013) indicates that deficiency in management skills holistically influential towards improper strategy formulation processes and implementation of business strategy on businesses in the first year of operation. The argument of Mungal and Garbharran (2014) is that despite inadequate accessibility of capital, inadequate cash management as influential factors to high failure rate, lack of management on cash inflows and cash outflows creates liquidity constraints on businesses in the first year of operation. Liquidity constraints mostly resonate with inadequate management skills and influential towards business growth, sustainability, and profitability. Ennis (cited in Auka and Langat 2016) stipulates that inadequate long term business vision, inadequate strategic management, and inadequate planning on businesses in the first year of operation emerge from a deficiency in management skills. According to Arshad, Rasli; Arshad and Zain (2016), survival and failure of businesses in the first year of operation are highly dependent on management skills and leadership competency of business owners.

2.7.6.1. Leadership

Ochola (2015) outlines leadership as a practice of influence towards impacting individuals to accomplish business goals. Effective leadership is perceived as an actual source of management development and continuous competitive advantage for the businesses' survival especially in the first year of operation, in South Africa. According to Arshad, Rasli; Arshad and Zain (2016), survival and failure of businesses in the first year of operation are highly dependent on the leadership styles of business owners. Leadership styles of business owners play a substantial role in survival, growth, and profitability especially in the first year of operation. Emezie (2017) stipulates leadership skills deficiency such as interpersonal communication, assertive conduct, negotiation, problem-solving, and conflict resolution on vast business owners in the first year of operation. Ochola (2015) points out poor leadership is detrimental to the survival of businesses in the first year of operation. According to Gachina (2016), inadequacy of leadership skills within micro businesses contributes to poor debt management and failure to attain pertinent information of management of the business and business environmental factors that can lead to effective making decisions and/or identification of business opportunities, challenges and threats that influence survival in first year of operation.

Gachina (2016) points out businesses in the first year of operation leadership suffer from restricted leadership expertise and operational practices suitable for business. Uchenwamgbe (2013) indicates, habitually majority of business owners in the first year of operation are a sole proprietorship and operates in an authoritarian leadership style. Authoritarian leadership style is due to the distinctive characteristics of businesses in the first year of operation autonomy on independence to take decisions in accordance with business owners' preferences. Business owners in the first year of operation dictate direction and administration of the business is centered on business owners due to a need for participation of subordinates is not perceived as of significance. McClelland (cited in Uchenwamgbe 2013) points out business in the first year of operation are associated with following characteristics: a predilection of moderate risk-taking; confidence inaptitude to become successful; enthusiastic action focused towards business owners' self-advancement; aspiration for freedom and individual accountability; and individual success frequently measured with the attainment of wealth. Leadership style is personalized, as the embodiment of the business with own personal welfare and is closely intertwined with the enterprise. This is due to business owners in the first year of operation are visionaries and are independence to makes business decisions that contribute towards the survival or failure of the business. An embodiment of

personal and business welfare is disruptive towards the survival of businesses in the first year of operation.

Garavan, Watson; Carbery and O'Brien (2015) urges embodiment emerges from business owners in the first year of operation perceptions on delegation of responsibility and development of employees pose a threat to the business, due to employees can be potential competitors. Mateus (2015) argues that poor business leadership on businesses in the first year of operation results in inefficiencies that influence internal failures which are further pretentious with environmental uncertainties. There's a poor permutation of resources and opportunities which are financial, human, physical and information resources due to inadequate leadership style among businesses in the first year of operation. Poor permutation of resources and opportunities contributes towards a high failure rate due to lack of incapacity and adequate leadership style to administrate scares resources. Garavan et al. (2015) indicate that acquiring leadership skills alone is not sufficient to assists in the survival of businesses in the first year of operation. Implementation of leadership skills is a critical component in the survival of businesses in the first year of operation. Behrends, Marchington and Suter; Sheehan (cited in Garavan et al. 2015) indicates that is little adoption of leadership development practices within businesses in the first year of operation and lack of adoption of formal leadership development practices emerges from limited resources and competencies. Furthermore is highly unlikely for businesses in the first year of operation to comprise of internal leadership development expertise. Lack of adequate leadership style is a detrimental factor in adaptive strategies that are influential towards survival in the first year of operation. Business skills deficiency is a detrimental factor for the survival of businesses in the first year of operation. The leadership skills deficit is detrimental towards the governance of businesses in the first year of operation, in South Africa.

2.7.6.2. Business governance

According to Lekhanya (2015), poor governance created opportunities for the expropriation of resources, which result in ineffective management. Ineffective management led to numerous consequences, such as low performance, decreased business value, and increased financing risk which is detrimental towards the survival of businesses in the first year of operation. Business competence is highly dependent on how the business manages structures and develops resources and resulted in the accumulation of governance

capability to develop, manages structures and resources through knowledge, skills, financial resources, and improvement of survival in the first year of operation. Lack of management competencies according to Umrani, Johl and Ibrahim (2015), among business owners contributed towards the failure of businesses in the first year of operation. Kyereboah-Coleman and Biekpe (cited in Asunka 2017) indicate that poorly managed businesses are anticipated to become less profitably and venerable to bankruptcy risks, lower valuations and disadvantageous towards business shareholders, whereas well-governed businesses are projected with higher profits, fewer bankruptcy risks, greater valuations and advantageous towards shareholders. Lekhanya (2015) states governance of both small and large businesses is inclusive to set of relations and interactions between the management of the business and different stakeholders such as directors, creditors, salaried employee, customers, suppliers, and shareholders. According to Hove-Sibanda Sibanda, and Pooe (2017), more than 50 percent of businesses in the first year of operation, in South Africa is linked with incapability to adopt or non-existence of adequate corporate governance, which cripples accessibility of financial resources required for survival and future growth. Abor & Biekpe (cited in Hove- Sibanda et al. 2017) articulates that businesses in the first year of operation divorced from embarking on corporate governance is erroneously interrelated with the red tape barriers, misapprehension of corporate governance relevance towards superior businesses and solely refers to publicly listed and owned businesses that are governed through state-endorsed codes.

According to Asunka (2017), lack of adequate governance mechanisms is interlinked with the inadequacy of management skills is a contributory element towards the failure of businesses in the first year of operation, in South Africa. Shezi (2014) articulates further that inadequate corporate governance which emerges from lack of management skills directly negatively impacted performance, growth, and sustainability on businesses in the first year of operation. Iskandar, Hassan; Sanusi and Mohamed (2017) point out that poor performance of businesses in the first year of operation is supplementary to the poor level of corporate governance practices resultant from non-mandatory requirements on good governance practices on businesses in the first year. This phenomenon has crippled the effectiveness, development, and growth of businesses in the first year of operation, in South Africa. The ACCA (2015) is reported that the inadequacy of implementation of corporate governance among businesses in the first year of operation is a lacks knowledge and management skills relative to the significance of company boards and non-executive directors on the business. Furthermore, businesses in the first year of operation due to deficiency of knowledge created a challenge relative to the incorporation of responsibility to an extended

group of stakeholders. The challenge emerges from the business culture of close ownership-management relationships and births lack of corporate governance which is detrimental for survival in the first year of operation. According to Umrani et al. (2015), the nature of businesses in the first year of operation is ownership characterised with either sole proprietor or few individuals or directors. Business directors and/or owners and employees are mostly are relatives and close friends which are challenging for business owners in the first year of operation, in South Africa to embark on corporate governance due to the appointment of external directors that are not related to the business. The appointment of external directors is linked with perception of dilution of ownership in the business and is detrimental towards maximising the welfare of all stakeholders and a need for business owners to embark on corporate governance for survival in the first year of operation, in South Africa. Furthermore according to Asunka (2017) dilution of ownership is a detrimental contributory force towards survival in the first year of operation. Family-owned directors of businesses in the first year of operation according to Asunka (2017), is an influential element for lack of non-directors in the business.

Mahzan and Yan (2014) articulate further that lack of involvement of non-directors of business in the first year of operation is due to business owners' perception of dilution of ownership of the business which diminishes the importance of governance. Iskandar et al. (2017) point out that high managerial ownership among businesses in the first year of the operation increases controlling decision power of the managerial owners and decrease the governing influence of other shareholders. Furthermore, a high level of managerial ownership resembles low business performance in the first year of operation. -The conflict of interest may arise when the majority of shareholders who are managers do not act for the benefit of the business but for self-interests resulting in poor business performance in the first year of operation. (Iskandar et al., 2017, p. 33). According to Iskandar et al., (2017), the lack of government monitoring of businesses in the first year of operation, in South Africa which is due to skills deficiency is a contributory element to the high failure rate. An ACCA (2015) report indicates that lack of corporate governance deprives businesses in the first year of operation, in South Africa acquisition of complementary skills from non-directors required for survival. Asunka (2017) points out that lack of corporate governance results in a lack of accountability towards utilisation of limited financial resources and is detrimental to business performance in the first year of operation, in South Africa. Abor and Adjasi (2017) articulate that more than 50 percent of businesses in the first year of operation, in South Africa is sole proprietor and manager and thus creates a challenge on business owners to distinguish ownership

and business management. The challenge on the differentiation of ownership and management of the business is due to management skills deficit results in a lack of adequate governance on businesses in the first year of operation, in South Africa.

ACCA (2015) reported that a minority of businesses in the first year of operation which identified the significance of non-executive directors indicates that is very costly for the business due to limited financial resources. Mahzan and Yan (2014) articulate that the cost of implementing corporate governance is relative high comparative to the benefits of corporate governance. Implementation of corporate governance is interlinked with incurred costs on setting up internal audit functions, the appointment of independent directors and the developing of the internal control system. Van Peurseem and Jiang (cited in Mahzan and Yan 2014) points out management skills deficiency creates a conundrum that lead to appointment of both internal and external audit which is an mandatory for adequate governance and due to scarcity of financial resources and financial costs linked to internal and external audit resulted in absentees of corporate governance for businesses in first year of operation. Mahzan and Yan (2014) urge that despite costs associated with outsourcing internal and external audits, skill deficit is a contributory factor towards the implementation of adequate governance and creates a major challenge for businesses in the first year of operation. Hove-Sibanda et al. (2017) indicate that corporate governance is still an infant stage and challenging for more than 50 percent of business owners in the first year of operation to practice governance mechanisms such as financial reporting due to management skills deficiency. Mahzan and Yan (2014) indicate that management skills deficiency is a disadvantageous factor towards the absence of corporate governance of businesses in the first year of operation. In addition, creates a challenge for businesses in the first year of operation to adapt towards accountability and transparency which is significant in the management of the business.

Hamad and Karoui (2016) point out that lack of corporate governance is detrimental to the cognitive capacities of the business which threaten the survival of businesses in the first year of operation, in South Africa. Furthermore inadequate governance according to Iskandar et al. (2017), creates opportunities for the expropriation of assets, which results in ineffective management of the business in the first year of operation. (Afrifa and Tauringana (cited in Iskandar et al. 2017) points out ineffective management birthed numerous consequences, such as low performance, decreased business value, increased financing risk and influential towards high failure rate of business in the first year of operation, in South Africa.

The high failure rate of businesses in the first year of operation is linked to a low level of corporate governance practices that emerged from non-mandatory requirements on good governance practices among businesses in the first year. –In addition, the ownership concentration in most businesses in the first year of operation, in South Africa prevents owners to relinquish a lot of roles. These deter effective functioning of a good internal audit function.¶ (Mahzan and Yan, 2014:p. 162). According to Hove-Sibanda et al. (2017) businesses in the first year of operation, in South Africa are interlinked with poor managerial knowhow, uncompetitiveness and poor sustainability which is detrimental towards survival. The poor corporate governance in businesses in the first year of operation is detrimental for strategic planning which is significant for survival.

2.7.6.3. Strategic planning

“Sound planning proceeds sound decision making and planning is a luxury which could be afforded.” (Chidinma, 2013, p. 35). Mosoti and Kamau (2014) articulate that strategic planning has become one of the fundamental elements for businesses in the first year of operation due to globalization of markets and technological changes. According to Van Scheers and Makhitha (2016), strategic planning is largely known as improving the competitiveness of the business especially businesses that embark on strategic planning are unlikely to fail. However, strategic planning is hardly practiced in a majority of businesses in the first year of operation. Yeboah (cited in Van Scheers and Makhitha 2016) argues that businesses in the first year of operation struggle with strategic decision-making and with limited resources such as time, finances and professional expertise, which exposes inadequate strategic planning. The root cause is a lack of adequate skills and a lack of acknowledgment of the importance of strategic planning. The majority of business owners in the first year of operation embark on the business venture without adequate business plans, strategic planning and systematic decision-making which are the vital determinants required for the survival and growth of the businesses.

Chidinma (2013) indicates that poor planning in business holistically, financial, marketing and management; and the inability of owners to articulate on business objectives and implementation strategy resulted in the high failure rate of businesses in the first year of operation. The argument of Mungal and Garbharran (2014) is that despite inadequate accessibility of capital, inadequate cash management as an influential element to the high failure rate, lack of planning on the cash inflows and cash outflows creates liquidity constraints on businesses in the first year of operation. Liquidity constraints that mostly resonate

from inadequate planning influence business growth, sustainability, and profitability.

2.7.6.4. Business plan

Kusi, Opata and Narh (2015) define a business plan is a living detailed document that articulates the business planning, business structure, business objectives and products and/or services. The document is official planning for the business aimed at the risk of business failure and for the accessibility of capital. The document prerequisite is to continuously be updated to be relevant and assist in the growth and survival especially for businesses in the first year of operation. However, businesses in the first year of operation during business start-up elude drafting the business plan. The majority of businesses perceive a business plan as a document for capital accessibility that is a framework for survival in the first year of operation. Agwu and Emeti (2014) indicate that due to business plan identified as an important determinant, business plan not incorporated into business operations has an influence on businesses in the first year of operation envisage future performance and/or adaptive strategies. Muriithi (2014) points out that the incorrect perceptions of a business plan are a contributing factor for businesses in the first year of operation operate on trial and error and the focus is on the short-term plan than a long- term plan which is vital for business sustainability.

2.7.6.5. Risk management

According to O'Regan, Sims, and Gallear (2013), the business environment plays a significant role in the performance and survival of businesses in the first year of operation especially during the high degree of uncertainties and turbulence. Therefore businesses in the first year of operation have to embark on a strategic mitigation plan to survive in such uncertainties and turbulence. McLarney (cited in O'Regan et al, 2013) indicates that dynamism environmental is the vehicle to the degree of prominence on strategic planning. Cheng et al (cited in Marn et al., 2016) high level of environmental uncertainty are directly proportional to embark on strategic planning for businesses to survive in the first year of operation. Businesses in the first year of operation envisage any potential business risks that have the potential to negatively impact the business is through strategic planning. According to Smit and Watkins (2012), businesses categorized risk management as the main concern, particularly businesses in the first year of operation as are mostly vulnerable exposed to business environment uncertainties and competition. Marn et al. (2016) environment uncertainty is a significant factor in the performance of businesses especially in the first year of operation.

Cant and Wiid (2013) articulate businesses in the first year of operation as vulnerable to uncertainties to the macro-environmental risk factors such as unemployment rate, inflationary pressure, VAT increase, interest rate, and government legislation. Smit and Watkins (2012) point out that risk factors are associated with an analysis of threats and opportunities in relation to the business. The high level of vulnerability for businesses in the first year of operation is due to a lack of systematic strategic planning practices. Inadequate strategic planning is a stumbling lock for businesses in the first year of operation to develop a mitigating plan when there is environment uncertainty. Smit and Watkins (2012) stipulate that exposure to the vulnerability of businesses in the first year of operation is due to resource constraints. Wijetunge (2014) agrees with Smit and Watkins (2012) that restricted time, skills deficit, the cost associated with mitigation plans are the contributing factor to inadequate planning. According to Mudiyansele and Jayathilake (2015), businesses mostly underestimate or ignore the risk mitigation plans. The high level of uncertainties and turbulence from the business environment results in inadequate decision making which negatively affects business survival in the first year of operation. Businesses in the first year of operation have no clear picture of business risk mitigation plan due to lack of capability and knowledge which results in businesses in the first year of operation becoming a huge business risk to invest from investors and/or financial institution perspectives. Duong (2013) articulates that a vast majority of businesses in the first year of operation are sole proprietorships or partnerships which are mainly shareholders and investors of the business. The type of structure has a high degree of operational risk due to limited competencies compare to businesses that have more than five employees. “The most significant risk among small businesses involves are a shortage of know-how experts as a result of the additional cost of training. In the long term, such skills deficit will lower productivity and affect the brand image of small businesses as an employer.” (Duong, 2013, p. 35). Operational costs, cash flows, and liquidity are likely the financial risks emerging micro businesses encounter in the first year of operation. businesses in the first year of operation are highly depended on operations to generate revenues for the business. Any changes in the environmental factors such as an increase in the repo rate due to lack of adequate strategic mitigation plan and financial resource scarcity; emerging micro businesses will struggle to survive the first year of operations. Florescu, Barabaş and Barabaş (2015) argue that strategic mitigation plan is a complex plan and requires interdisciplinary approach; as various knowledge from several competencies such as: technical, economic, financial and political, due to business skills deficit drafting a strategic mitigation plan becomes challenging for emerging micro businesses.

2.7.6.6. Performance

Auka and Langat (2016) articulate strategic planning; as mainly focuses is the formulation of the business objectives, implementation plans, and resource allocation to ensure that the objectives formulated are achieved. The main objective of strategic planning is to ensure the emerging micro business is competitive, profitable and sustainable. Sandada, Pooe and Dhurup (2014) argue that the performance of the business is measured either through financial and non-financial measurement. Business in the first year of operation is sales-driven mainly focuses on the financial measurement of the performance for business growth. The financial measurement is objectives as is focuses on the financial records, turnover, actual profit and return on investment. However, objective performance measurement is subject to manipulations.

“Objective measures are unreliable because they are too aggregated and backward-looking rather than forward-looking, stressing the short-term future of the organisation instead of the long-term benefits. Managers (owners) are therefore unable to understand the root causes of performance problems and make cross-functional decisions in order to survive in turbulent business environments.” (Sandada et al., 2014, p. 660). Sandada et al. (2014) indicate that the non- financial measurement is the main drive for the survival of businesses in the first year of operation as is subjective. The subjective measurement is mostly neglected as mainly focuses on market share, employee turnover, customer satisfaction and product development that lead to the survival of businesses in the first year of operation. The inadequate strategic planning skills create a stumbling block for emerging micro businesses to embark on the subjective performance measurement which is significant to improve the performance of the business.

Ennis (cited in Auka and Langat 2016) stipulates that it is compulsory for businesses to a strategic plan for the future to be competitive effectively and survive. Inadequate long term business vision, inadequate strategic management, and inadequate planning became a stumbling block for emerging micro businesses to achieve full potential performance. Marn et al. (2016) encapsulate the poor performance of businesses in the first year of operation as a result of improper strategy formulation processes. The business owners in the first year of operation that are influenced by retrenchment, low pay and low job satisfaction to embark on a business venture, the majority do not embark on strategic planning which has a direct influence on performance is perceived less important. The majority of business owners in the first year of operation perceive strategic planning time consuming and linking with the accessibility of capital. The

perception is the result of emerged poor performance on the operation of businesses in the first year of operation.

Mamula and Popovic-Pantic (2015) indicate that the vast majority of businesses in the first year of operation are short-term goal-oriented than long-term goal-oriented. The root cause is the focus is on sales than planning for future growth to enhance business performance and competitiveness. Duong (2013) indicates that the stumbling block exposes threats to return earnings and accessibility of capital which affects the competitiveness of the business especially in the first year of operation, in South Africa. Makinde, Akinlabi and Ajike (2015) urge that business performance irregularities are due to business owners' perceptions in the first year of operation. According to Marn et al. (2016), the business structure is either sole proprietorships or with less than five employees and the majority of business owners are reluctant to communicate the business plans with employees. Hussein (2015) argues that an adequate strategic plan alone does not improve business performance; poor communication of the plan can hamper the performance of the business due to employees' exclusion and are the key driver for strategy execution. Kaplan and Norton (cited in Hussein 2015) poor business performance is due to the vagueness of communicating the business plan to subordinates. Hussein (2015) articulates further that a strategic plan is not effective with poor knowledge of the implementation of the plan. The majority of emerging business owners operate as sole proprietorships or partnership structures. The partnership structure is mainly focused on the technical skills required to acquire the market share and sales growth. A biased competency has an influence on the performance of the business despite the possession of the strategic plan as there is a business skills deficit in the SME sector. The inadequacy of competencies to execute strategic plan negatively influence the performance of the business.

2.8. Skills to improve business performance

This section deliberates the significance of business skills on businesses' survival in the first year of operation. Ikupolati, Adeyeye; Oni, Olatunle, and Obafunmi (2017) highlight the significance of internal resources of the business in the first year of operation as a determinant factor to attain competitive advantage. "The crucial business skills that are positively linked to business performance are strategic planning, flexibility, pro-active management, and distinct customer orientation." (Kambwale et al., 2015, p. 86). According to Global Entrepreneurship Monitor (2015/16), business skills equip business owners in the first year of operation with entrepreneurial competencies that are significant to become

competitive in the industry. There is a direct linkage between business skills and business growth, as reported in the Global Competitiveness Report (World Economic Forum (WEF), 2016-2017) that skills development is significant to guarantee long-term competitiveness and innovation capacity. Junaidah (cited in Kambwale et al., 2015) articulates the significance of business skills as tend to have long-term sustainability. Siekei et al. (2013) state that business skills play an important role in equipping businesses in the first year of operation with skills, to envisage possible risks and mitigate future risks. The skills empower business owners in the first year of operation towards making adequate business decisions that contribute to the survival of businesses in the first year of operation. Eniola and Entebang (2016) point out that business skills play a significant role in the capability to adequately administer business resources and effectively achieve business goals. As literature unravel is evident that business skills contribute towards improving the survival of businesses in the first year of operation. Karanja et al. (2013) point out the significance of business skills for the survival of business in the first year of operation is financial management, marketing, and business management.

2.8.1. Financial management skills

Eniola and Entebang (2016) indicate that financial management skills equip businesses with financial competencies that are significant to the survival of business in the first year of operation such as knowledge, attitude, and awareness. The knowledge develops the financial capability of business owners in the first year of operation, in South Africa towards enlightens in relation to financial markets. The knowledge competency enables business owners in the first year of operation to effectively balance assets and liability which is a prerequisite to business liquidity, and for adequate financial history which is vital inaccessibility of external capital. Attitude plays an important role for business owners in the first year of operation, attitude is intertwined with risk-taking. Business owners in the first year of operation, in South Africa, are able to priorities financial resources effectively towards projects with higher risks; and insight on the utilisation of financial resources. The skill plays a significant role in mitigation risks management to diversify assets and comporment gearing towards assisting inadequate financial mixes. Awareness assists in analysing business financial situations and to manage financial resources. Muchira (2012) asserts that financial management skills enable business owners in the first year of operation to be knowledgeable and envisage future cash challenges which are vital to business survival. The skill contributes to eradicating poor cash management which has an influence on the business financial position and business liquidity. The financial management skill is an analytical tool for future projections of sales, assets required for future demands and operational costs. The skill equips business owners in the

first year of operation with in-depth knowledge of the correlation among manufacturing procedure and operational costs with the supply chain. The business owners acquiring financial management skills are capable to develop a linkage between costs with appropriate activity and efficient cash flow management. Siekei, Wagoti, and Kalio (2013) outline monitoring of inflows and outflows of cash play an important role in the management of the business especially to businesses in the first year of operation which has limited financial resources. The monitoring of cash inflows and outflows assists business owners in the first year of operation with adequate information to measure the competitiveness of the business and a gateway to survival in the first year of operation.

In accordance with Chelimo and Sophia (2014), financial management skills have a positive influence on competitiveness, contribution inadequacy of business records and survival of businesses in the first year of operation. Business records play an imperative role in the survival of the first year of operation and capital accessibility from investors and/or financial institutions. Financial management skill contributes to eradicating poor cash management which is influential on the business financial position and business liquidity. Financial management skills play an imperative role in liquidity and business survival in the first year of operation. Muchira (2012) asserts that financial management skills enable business owners to be knowledgeable and envisage future cash challenges which are vital towards business survival in the first year of operation, in South Africa. Financial management skills enable the allocation of financial resources which results in a high probability of business survival in the first year of operation, in South Africa. Adequate financial management of the business according to Kotler and Keller (2014) is dependent on the marketing competency of the business.

2.8.2. Record management skills

According to Adu (2016), record management is defined as financial record keeping procedure used on businesses in the first year of operation, in South Africa to make and/or maintain records of business transactions. Olukotun, James and Olore (2014) defines record management attributes as simple to implement, easily understand, reliable, precise, consistent and developed to provide information on a timely base. Kahsay and Zeleke (2019) assert with Adu (2016) that record management assists in record analyze, monitor, prepare documents required for tax purposes and evaluate the financial position of businesses in the first year of operation, in South Africa. Kahsay and Zeleke (2019) indicate that record management is a foundation that businesses can utilise towards thriving for growth, competitiveness, and sustainability in the first year of operation, in South Africa. Myeko and Madikane (2019) articulate record

management as significant skills for businesses in the first year of operation, in South Africa required to administrate all recorded business transactions, identifying, storing and guarding essential business records. Furthermore is the procedure of possession significance records as evidence and references for the business in the first year of operation, in South Africa. Myeko and Madikane (2019) point out that record management on businesses in the first year of operation, in South Africa plays a significant role in defining business profitability and is used as a measure of performance. Danford et al. (cited in Myeko and Madikane 2019) highlight record management as comprises of capturing, maintenance and developing provision for authentic and adequate records of business ventures. Adequate record management endorses business survival in the first year of operation, in South Africa through monitoring and evaluating business progress. Roper and Millar (cited in Myeko and Madikane 2019) point out that record management of a business is through three stages: the current stage, semi-current stage, and a non-current stage. -The current stage is when the records are maintained daily in the business, the semi-current life cycle is whereby a record is still used every quarter as part of referencing, while non-current records are where the record is no longer used in the business. (Myeko and Madikane, 2019, p. 3).

In addition; record management according to Kahsay and Zeleke (2019), comprises of sales day book or sales journal, cash receipt book, purchases day book or purchases journal, cheque payments book, general journal, nominal ledger, petty cash book, debtors' ledger and creditors' ledger. Benedict (2014) articulate on sales day book or sales journal that sales recording is identified as the most significant record of the business, due to being recognized as a source of business existence and survival in the first year of operation. Sales day book or sales journal creates traceability of all customer transactions inclusive to both credit and cash sales. Cash receipt book plays a significant recording of the available cash for the business in the first year of operation, in South Africa. Cash receipt book assists with recording business bank account transactions that assist business owners towards measuring received cash flow against cash paid. The recorded transactions of the business bank account contribute to business owners in the first year of operation, in South Africa assessing liquidity and availability of financial resources towards the daily operation of the business. Furthermore, Keogh (cited in Benedict 2014) state that cash receipt book assists business owners in the first year of operation, in South Africa to frequently track on income and expenses of the business. Purchases daybook or purchases journal records all the business transactions for walk-in customers through issuing a till slip or cash register receipt. The purchases day book or purchases journal and cash receipt book are normally used simultaneously as both use a similar technique to record

business transactions in the first year of operation, in South Africa. Cheque payments book can be used as a form of recording business transacting similar to cash receipt book. Debtors' ledger is applicable to business in the first year of operation, in South Africa that has credit facilities towards customers. The debtors' ledger records all the credit sales and amounts owing to debtors. Debtors' ledger assists business owners in the first year of operation, in South Africa with traceability business assets and inflow of cash of the business. Creditors' ledger records all the business liabilities in the first year of operation, in South Africa such as goods and services purchased on credit. Creditors ledger records are applicable to businesses in the first year of operation, in South Africa with credit facilities from suppliers. Olukotun et al., (2014) asserts with Kahsay and Zeleke (2019) that administration of record management for businesses in the first year of operation is subjected to the acquisition of invoice, bank teller, and receipt; and further documented in subsidiary books which is the purchases and sales day books. In addition, all acquired documents must be recorded to different ledgers such as debtors, creditors and general ledgers, which is checked through trial balance and successively, final financial reports (statement of financial position and statement of comprehensive income).

Benedict (2014) indicates that record management is a significant tool towards developing financial reporting such as a statement of financial position, statement of comprehensive income and cash flow projection to define financial competitiveness of the business in the first year of operation, in South Africa. The adequacies of financial statements eradicate information asymmetry between financial institutions and good relationships with creditors in the first year of operation, in South Africa. Benedict (2014) asserts with Olukotun et al., (2014) that statement of financial position records monetary measures of the resources used which are assets in the business and the sources of financial resources (owner's equity or liabilities) to finance the business in the first year of operation, in South Africa. Meredith (cited in with Olukotun et al., 2014) indicates that a statement of financial position is prepared on a particular point in time and signifies a snapshot of the financial position of the business. Olukotun et al., (2014) indicates that the development of a statement of financial position records three components which are assets, liability and owners' equity. Assets involve items that businesses owned through a monetary value to ensure return on investment. The business assets include fixed assets such as plant, property, and equipment and current assets are debtors, stock and cash. All recorded assets costs and monetary value does not alternate to replicate any change in market value. Liabilities are business debts which comprise of short term and are payable within a year such are payment for salaries, stock and other business

expenditure in the first year of operation, in South Africa. For long term liabilities are mortgages, bonds, and leases for equipment, payable within medium to long term. Owners' Equity is the total assets deducting total liabilities and signifies what business is worth in the first year of operation, in South Africa. The owner's equity commonly emanates from investment into the business through the owner and from profits or losses of the business. The negative owner's equity indicates that liabilities surpass assets and that the business is insolvent. Olukotun et al., (2014) delineate that income statement records information involving financial performance or profitability of the business which includes all income and expenses in the first year of operation, in South Africa. Sowden-Service (cited in Olukotun et al., 2014) points out that the development of a statement of comprehensive income records three components which are trading account, a summary of expenses and non-trading income. The trading account records the measurement of gross profit by deducting the cost of goods sold from revenue earned. The second component of the statement of comprehensive income records summary of expenses which has incurred in the production of the revenue. The summary of expenses recording is inclusive to establishment, administration, financial costs and other business overheads in the first year of operation, in South Africa. Non-trading income records other income on the sale of an asset or investment income for the business in the first year of operation, in South Africa.

Benedict (2014) state that business income earned is mostly relevant to a precise time frame and is important that the statement of comprehensive income records narrates to a specific period. Due to the volatility of business owners in the first year of operation, South Africa must prepare a statement of comprehensive income on a monthly basis to monitor and resolve business problems in an appropriate method. Olukotun et al., (2014) highlights two limitations of the statement of comprehensive income towards business owners in the first year of operation. A statement of comprehensive income is frequently prepared on an accrual basis which means that recording of income and expenses must be when transaction transpires relatively cash payment. Business owners in the first year of operation, in South Africa, must be enlightened that profit reflected in the statement of comprehensive income does not essentially correlate to the received cash and normally cash is mostly tied up in debtors and stock. The second limitation is the statement of comprehensive income is not applicable for computation of income tax and there are numerous differences amongst the net profit and taxable income. According to Kahsay and Zeleke (2019), preparation of a statement of financial position and statement of comprehensive income assists business owners in the first year of operation, in South Africa with recording to define

financial results of the business operations and financial position on a particular point in time. Although the preparation of these recordings is of utmost significance for businesses in the first year of operation, in South Africa, however; does not essentially signify the cash position of the business to the owner. The limitation statement of financial position and statement of comprehensive income according to Sowden-Service (cited in Olukotun et al., 2014) is supplemented with operating activities, investing activities and financing activities which defined as cash flow statement. Cash flow statement recording ensures that the business in the first year of operation, in South Africa, does not exceeding invest or overtrade, which can result in insolvency. A cash flow statement assists business owners in the first year of operation, in South Africa with the conversion of profits into cash flow items through retrogressive non-cash flow items and activities in working capital. Olukotun et al., (2014) and Myeko and Madikane (2019) highlight that the cash flow statement is significance for directing through presenting cash inflows and outflows that transpired during the reporting period and net outcome influence on the cash resources for businesses in the first year of operation, in South Africa.

Sibanda and Manda (2016) delineate that the administration of record management business owners in the first year of operation must ensure that one depreciation technique should be used for all fixed assets. Account payable must be settled on the date articulated on the invoice and consistent calculation regarding reimbursement of overtime among employees. Senzu (2018) points out that administrative requisite for record management for businesses in the first year of operation, in South Africa should be considered in demarcation a compelling bookkeeping framework. The bookkeeping framework is the dynamic elementary leadership mechanism of administration. In addition is provides orchestrated techniques for societal event data about numerous business relations to assists administration in business operations during the first year of operation, in South Africa. According to Aladejebi and Oladimeji (2019), record management assists businesses in the first year of operation, in South Africa with a recording of income and expenditure and traceability of financial transactions. According to Adu (2016), record management assists businesses in the first year of operation, in South Africa with revenue and expense, cash expenditures, inventory records, accounts receivables and accounts payable. Business owners in the first year of operation, in South Africa through record management skills are equipped to develop a revenue and expense journal to assists with traceability of all business transactions. Business owners through record management skills enable group data to be analyzed in the week, month, quarter or year. Furthermore, business owners are equipped to adequately conduct a comparison of current

quarterly performance with previous quarter performance in the first year of operation, in South Africa. Due to the size of the business in the first year of operation, in South Africa, the adequate revenue and expense journal is single-entry accounting, recording receipts and expenditures only. Business owners through record management skills enable to account for all cash expenditures in the first year of operation, in South Africa. inventory records enable business owners in the first year of operation, in South Africa towards preclude pilferage, preserve inventory assets to a minimum, and capturing of purchased date, stock number of items purchased, date sold, purchased price and sale price. Record management skills assist business owners in the first year of operation, in South Africa by developing a tracking system for accounts receivables and record all transactions from debtors. In addition, business owners in the first year of operation, in South Africa are enabled to monitor accounts receivable through attaining a copy of all invoices issued or in the position of account receivable records. Business owners through record management skills are equipped with a traceability system to monitor business financial commitment with payments payable periods.

Olukotun et al. (2014) highlight seven guiding record management principles that are accurate, authentic, assessable, comprehensive, compliant, effective and secure as a framework towards effective record-keeping for businesses in the first year of operation, in South Africa. Accurate focus on the accuracy of the documented recorded business transactions in the first year of operation, in South Africa. On authentic emphases is the authentication of the business transaction records documented for businesses in the first year of operation, in South Africa. Documented recorded business transactions in the first year of operation, in South Africa must be easily accessible to all relevant stakeholders. Recorded business transactions should be completed with appropriate content, context, and structure. Business owners in the first year of operation, in South Africa, must ensure comprehensively recorded business transactions. Business in the first year of operation, in South Africa, ought to comply with keeping regulatory requirements from legislation, audit act. Effective records should be sustained for precise purposes and information enclosed must adhere to the objective of the business in the first year of operation, in South Africa. Business owners in the first year of operation, South Africa must ensure that records are secure and maintained towards preventing unauthorized access, amendment, loss, or removal. Adaane (2016) articulates that seven guiding record management principles are supplemented through the following records continuum theory which is defined in four subsections. The first subsection recognizes accountability acts and develops reliable indications of the acts through capturing records of connected or

associated with transactions in the first year of operation, in South Africa. Records of business activities are developed as the capacity of business communication methods within the business in the first year of operation, in South Africa and are instigated through e-mail, document management software, or other software applications. The second subsection “Recordkeeping systems manage families of transactions and records series documenting processes on the work-unit or single-function scope of complexity.” (Adaane, 2016, p. 11).

According to Adaane (2016), records that are created or received in business in the first year of operation, in South Africa are docketed with metadata which is inclusive to the linkage towards other records. The third subsection is continuous recordkeeping management which embraces multiple systems and relations of records that assist the complete documentary needs such as business, regulatory, and cultural/educational/historical of a particular juridical business in the first year of operation, in South Africa. Records become a formal system of storage and retrieval that institutes business corporate reminiscence in the first year of operation, in South Africa. The fourth subsection is a collaborative recordkeeping formation through the direction of an appropriately empowered public recordkeeping authority assisting the needs of the total society, constituent functions, and businesses that executes the activities in the first year of operation, in South Africa. The recordkeeping formation assists with documentary needs of numerous businesses within the jurisdiction and ensures accountability and cultural reminiscence of the society in the first year of operation, in South Africa. Records are compulsory for determinations of societal accountability either through corporate law or other methods of collective memory which become a fragment of wider archival systems that encompass records from a collection of businesses in the first year of operation, in South Africa. Atherton (cited in Adaane 2016) indicates that all four subsections of continuum theory are records keeping are interconnected and creating a continuum whereby both record keepers and archivists are linked in the management of records in the first year of operation, in South Africa. According to Adaane (2016) and Amoako (2013), records continuum theory is important due to the articulation of a wider record interpretation and record-keeping systems. The continuum theory indicates that records are developed and retained for use as a result of business and administration activities and processes in the first year of operation, South Africa. The records continuum theory emphasizes a collection of business activities record in the first year of operation, in South Africa. In addition; aims on the development of recordkeeping systems that capture, manage, and maintain records with comprehensive evidential features for the records are of value towards the business in the first year

of operation, in South Africa. Aladejebi and Oladimeji (2019) indicate that business owners should focus on the following record-keeping in the first year of operation, in South Africa: accounts receivable, accounts payable, accruals, inventory records, bank records, sales records payroll records, personnel records, cash records and purchase records. Amoako (2013) indicates that record management is a tool that assists with sales, determines the break-even point and financial analyses which are a contributory factor towards efficient decision-making process. Ofonagoro (cited in Amoako 2013) points out that record management plays a significant role for business owners to determine the volume of sales, profits or loss, assets and liabilities in the first year of operation, in South Africa.

Record management according to Kaysay and Zeleke (2019) assists businesses in the first year of operation, in South Africa towards managing short-term challenges in critical areas such as costing, expenditure and cash flow through the information that significant to survival. Olukotun et al. (2014) state that record management reduces the probabilities of pre-failure and assists with business planning and control which contributes towards competitiveness and survival in the first year of operation, in South Africa. According to Adu(2016), record management assists business owners in the first year of operation, in South Africa for tax filling and complying with tax regulatory authority which is South African Revenue Services (SARS). Record management assists businesses with transparency and accountability in the first year of operation, in South Africa. Business owners in the first year of operation, in South Africa, are enabled through record management to account for customers' transactions relative to the linkage of payment with goods purchased from customers. Record management assists businesses in the first year of operation, in South Africa with accountability and transparency towards all stakeholders of the business. Stephen and Zotorvie (2017) and Aladejebi and Oladimeji (2019), both assert that record management assists with budget monitoring in the first year of operation, in South Africa.

“There is a strong relationship between business performance and the level of training in business management especially in business finance record keeping.”(Kilonzo and Dennis, 2015, p. 4). Alhassan and Muazu (cited in Adianne 2016) highlight that adequate record management is highly essential for a successful business to become sustainable, competitive and profitable in the first year of operation, in South Africa. Aladejebi and Oladimeji (2019) state that record management is a significant tool for business financial control in which business owners in the first year of operation, in South Africa are enlightened with financial positions of businesses and attain definite control measures towards improving

corporate performance.

2.8.3. Marketing skills

“Marketing is the key purpose of every business. The purpose of business is to create and keep customers. The basic function of marketing is to attract and retain customers on a profit.” (Ebitu et al., 2015:p. 72). In accordance with Ebitu et al. (2015), marketing skills enables businesses in the first year of operation to create an awareness of the product and/or services of the business. The acquisition of marketing skills for businesses in the first year of operation is able to identify products and/or services customers’ needs through marketing research; define market size, market segmentation, identification of target market and adaptive marketing strategies. Marketing according to Achieng (2016), is a driving vehicle for survival and growth and as a tool for businesses in the first year of operation to engage with customers, meet customer needs and development of customer relationships. Marketing skills enable businesses in the first year of operation with the capability to develop competitive offerings that satisfy customers’ needs, through the acquisition of comprehensive knowledge of targeted customers’ which results in business profitability. Marketing according to Ebitu et al. (2015), equips businesses in the first year of operation with the knowledge to embark on adequate strategic activities to exploit opportunities and strategies to eradicate threats that emerge from the business environment.

Karanja et al. (2013) point out that marketing skills play a critical role in assisting businesses in the first year of operation to achieve a competitive advantage, positioning the business and penetrate market opportunities within the industry. Kalane (2015) argues that full accessibility to markets has a substantial influence on the survival of businesses in the first year of operation. The survival, growth, and success of businesses especially in the first year of operation are fundamentally depended on quality competitive offerings, marketing and selling the power of products and/or services. Marketing skills equips business owners with skills to penetrate markets which are an influential factor in the capability of businesses to survive in the first year of operation. The acquisition of marketing skills in businesses develops quality or permutation of attributes that assist the business in the first year of operation to outperform competitors and for customers’ retention. Marketing skills comprises of branding, pricing, advertising, communication, and marketing strategies.

2.8.3.1. Branding skills

According to Hong and Diep (2016), the fundamental success of any business is interdependent on the

crafting of a business brand. Osakwe, Chovancova, and Ogbonna (2016) indicate brand is defined as a mark of uniqueness; therefore brand crafting is highly strategically infused with branding skills. Hong and Diep (2016) state for businesses in the first year of operation to attain competitive advantage is through the acquisition of branding skills. The skills have an influence on the survival of businesses in the first year of operation in relation to the reduction of vulnerability on business as a result of high turbulence competitive marketing forces, the achievement of marketing goals and improve in profit margins. Osakwe et al. (2016) argue that despite branding skills interdependent on survival in the first year of operation, business owners' attitude plays a substantial role in contribution towards business competitiveness and improved profit margins.

Hong and Diep (2016) point out business survival cannot be effective without consideration of branding facets. Jagdish and Mona (cited in Hong and Diep 2016) articulate on the survival of businesses subjected to the acquisition of branding skills on business owners in the first year of operation. The acquisition of branding skills is a prerequisite for survival and competitiveness for the business in the first year of operation. As shown in Table 2.2, the effectiveness of brand skills on customers is endowing competitive offerings uniqueness and embodies physiological attributes that influence customer perceived value. Furthermore, Ncube (2016) coincides with Du Plessis et al. (2015) in Table 2.4 endowed competitive offerings and embodies of physiological attributes results in customer retention and acquisition. Branding skills assists business owners in the first year of operation through brand resonance to focus on the development of a relationship whereby customers have synchronized with the brand. Synchronization of the brand with customers results in customers bonding with a brand that is beneficial towards business survival in the first year of operation.

Table 2.4 The significant functions of the brand for the consumers and manufacturers

The functions of the brand for the consumers	The functions of the brand for the manufacturers
Identification of product	Means of identification to simplify tracing
Risk reducer	Means of legally protecting unique characteristics
Practicality and search cost reducer	Indication of high-quality performance
Promise, bond with the manufacturer of the product	Permanence, binding and familiarity relationship

Guarantee and signal of quality	Source of competitive edge
Continuity and satisfaction	Source of revenues and returns

Table 2.4: Source: Du Plessis et al. 2015, The significant functions of the brand for the consumers and manufacturers

Branding skills adequately position the business for survival in the first year of operation. The brand performance of competitive offerings of the business is dependent on pricing strategies.

2.8.3.2. Pricing strategy

World Bank (2013) points out businesses can attain price competitive through the acquisition of marketing skills. Kazimoto (2014) coincides with World Bank (2013) that business owners in the first year of operation need to embark on a pricing strategy that assists towards improvement on profit margins. The marketing skills assist in crafting of pricing strategy which enables businesses in the first year of operation to be adequately enlightened with the understanding of relevant cost facets towards the development of a competitive price on products and/or services. Gbolagade, Adesola and Oyewale (2013), associated price with costs produce, deliver and promote the product of the business. Consumers' discernment of any competitive offerings value is subjected to monetary costs. Colpan (cited in Gbolagade et al. 2013) indicates the direct relationship between competitive offerings pricing and survival of businesses in the first year of operation. The set price of any competitive offerings plays a critical role in business marketability. Achieng (2016) indicates a pricing strategy as an enabler on businesses in the first year of operation to attain competitive pricing on competitive offerings through bundling and/or innovation.

Schiesel (cited in Achieng 2016) states embarking on product bundling through marketing skills assists in the development of distinctive competitive offerings packages that are unique which is beneficial towards the survival of businesses in the first year of operation. Businesses in the first year of operation can be price competitive through innovation, the introduction of niche competitive offerings. Businesses in the first year of operation can utilize the marketing intelligence system in crafting niche competitive offerings pricings. Sinha (cited in Achieng 2016) advocates that businesses acquiring pricing skills have the capability to embark on price discrimination which is beneficial to survival in the first year of

operation. Furthermore, price discrimination equips businesses in the first year of operation with price lining and smart pricing capability. Businesses are able to introduce similar competitive products and/or services that competitors are offering an adequate pricing method to meet diverse customers' needs in different market conditions. Pricing of competitive offerings contributes towards developing an adequate market share for businesses in the first year of operation. Adequate pricing of competitive offerings is correlated with informative advertising towards the targeted market.

2.8.3.3. Advertising skills

According to Gitau (2012), advertising has a directly impacts on consumer perceptions and preferences, development of distinction of competitive offerings of the business and predominantly on the survival of businesses in the first year of operation. Kotler and Keller (2013) assert that advertising skills assist businesses in the first year of operation to influence consumers in different geographical areas and the development of long term loyalty relationships. Advertising is a marketing tool used as a defensive strategy towards defending the market share of the business. According to Yashin (cited in Gitau 2012), advertising skills play a significant role, especially for businesses in the first year of operation on the introduction of new competitive offerings into the market and image quality of competitive offerings. The skills aimed to stimulate purchase motivation for competitive offerings to prospective consumers. Kotler and Keller (2013) elaborate on the stimulus that mainly leads to wider market definition and extemporaneous purchases. Furthermore, skills equip business owners in the first year of operation with the capability to craft brand awareness that enables prospective customers with the ability to identify the brand. The crafting of brand awareness' resonates towards brand equity, brand positioning and brand attitude which lead prospective consumers to brand purchase intention strategy. Santilli (cited in Gitau 2012) indicates advertising skills equips businesses in the first year of operation with the capability to craft a campaign that is persuasive to stimulate desires of prospective customers', capability towards luring consumers to competitive offerings and inducements that contributes value to the customer. Advertising skills are influential in the maximisation of business profit which contributes towards business survival in the first year of operation, in South Africa. Advertising skills influence how the business communicates toward the target market.

2.8.3.4. Communication skills

"Marketing communication is considered an attempt to integrate and synthesize the promotional mix,

which includes advertising, sales promotion, public relations, personal selling, and event and direct marketing.” (Lekhanya, 2015:p. 139). As shown in Figure 3.2 below, Lekhanya (2015) coincides with Gümüşcü (2016) that marketing communication comprises combined activities, resources, and media. The marketing communication aimed to inform and persuade prospective customers to purchase competitive offerings of the business.

Figure 2.2 Framework of Marketing communication tools



Figure 2.2: Source: Gumuscu 2016, Framework of marketing communication tools

According to Gumuscu (2016), marketing communications establishes a channel of communication and edifice relationships with customers. Marketing communication comprises of advertising, sales promotion, personal selling, public relations, direct marketing. According to Kanibira, Saydanb and Nartc (cited in Lekhanya 2015), marketing communications aimed largely to support sales, crafts products and/or services and brand awareness, develop a business image and change consumer perspectives and

behaviours. Lekhanya (2015) emphasis that marketing communications will enable businesses in the first year of operation to be directional or unidirectional, enlighten, motivate, change perspectives on consumers and impose brand loyalty in relation to products and/or services of the businesses. Vongkhamheng (2016) indicates marketing communications creates a platform to interact with customers and adequately position the business in the market place.

Consequently, business owners embarking on marketing communications will assists in business survival in the first year of operation. Mumel et al (cited in Ebitu et al. 2015) state there is a correlation between marketing communication practices, sales, and survival of businesses in the first year of operation. Ebitu et al. (2015) articulate further that business survival in the first year of operation ought to focus more on the rate of recurrence of using particular marketing communication practices and not on the amount of marketing communication practices that ought to be used. In addition, communication of competitive offerings is related to marketing strategies as both adequately position the business for survival in the first year of operation.

2.8.3.5. Marketing strategy

According to Ebitu et al. (2015), marketing strategy is a vital tool for businesses to remain competitive in the market place and a prerequisite towards strengthening market share and minimizing the influence of competition. Owomoyela, Oyeniyi, and Ola (cited in Ebitu et al. 2015) indicates marketing strategy emerges from corporate strategy and aimed to provide a quality product that fulfills customer needs, offering a competitive price and engage in the adequate value chain for effective distribution which leads to achieving business objectives. Njoroge (2015) articulates strategic marketing activities as having a substantial impact on the survival of businesses in the first year of operation. According to Santos-Vijande et al (cited in Njoroge 2015), the survival of businesses in the first year of operation has a positive influence on customer satisfaction, loyalty, spur growth in sales, improved profit margins, increase market share and is interdependent on the adequacy of marketing strategy. According to Lekhanya and Mason (2014), an effective marketing strategy is implemented through the development of a complete marketing program, which comprises of product, price, place, and promotion or marketing communications. Adequacy implementation of the four marketing mix results in the survival of businesses in the first year of operation and spur profit margins. Van Scheers and Makhitha (2016) points out businesses embarking on marketing strategy planning are equipped with the ability towards utilizing

limited resources to increase sales, survive in the first year of operation and adaptive to the high turbulent business environment which is influential on the competitive advantage of the business. Marketing skills are a contributory factor to business survival in the first year of operation. Marketing skills equips business owners in the first year of operation to capitalise on potential international markets.

2.8.4. Global marketing skills

In accordance with Hill (2014), businesses can grow revenue and/or source goods and services by participating in a global market place. Kotler and Keller (2013) articulate on revenue growth that businesses embarking on participating in the global market aimed at attaining economic of scale through expanding market share, eradicate dependence on a single market and acquire additional services. Whereas outsourcing according to Hill (2014), businesses can embark on the factor of production to have a competitive advantage through differences in quality and cost on other countries. Wu and Parkvithee (2017) indicate competitiveness of businesses has become a requisite character to survive in turbulent competitive market place Gao (cited in Wu and Parkvithee 2017) designate businesses particularly in the first year of operation for survival in global market ought to utilize advantage of flexibility and adaptability and optimize business resources and innovation skills. The argument of Kotler and Keller (2013) is nations and regions that have different trading policies and standards and attractiveness of the market are subject to demographic, economic, political-legal environment, technological and sociocultural. Global marketing skills are beneficial to businesses in the first year of operation to penetrate new market share due to saturation in the domestic market. Hill (2014) indicates exporting finance as a credit provider towards business especially in the first year of operation without adequate financial resources to embark on the international market.

2.8.4.1. Export finance

According to Buatsi (cited in Matthee and Heymans 2013) Export finance is demarcated as provider of credit and another method of financial assistance to achieve the needs of an exporter to resonant export order. Export finance comprises cash in advance, letter of credit, documentary collections, and open account. “Cash in advance and open account are classified as direct payment methods because requires internal funds to finance the transaction. Letters of credit and documentary collections are known as indirect payment methods since trade credit is provided from financial institutions.” (Matthee and Heymans, 2013, p. 395). According to Matthee and Heymans (2013), letter of credit and documentary collections are frequently used in international trade as majority of businesses in the first year of

operation does not have sufficient liquidity to embark on direct methods of payment. Furthermore, lenders mandatory in export finance is to provide financial resources that are linkage between time goods are manufactured and received payment. As shown in Table 2.5 below Beck, DiCaprio and Pokharel (2015) indicate that trade finance and supply chain finance are two primary sources of finance to assist businesses in the first year of operation to participate in a niche global market place.

Table 2.5 Comparison between ADB’s Trade Finance and Supply Chain Finance Programs

Trade Finance Program	Supply Chain Finance Program
Bank risk	Corporate/SME risk
Only supports businesses with existing bank relations	Can support businesses not traditionally considered bankable
Only cross-border trade	Both domestic and cross-border
Limited support for open account transactions	Mostly supports open account transactions
Trade finance is well established for hundreds of years	Supply chain finance is new

Table 2.5: Source: Asian Development Bank Asian Development Bank Institute 2016, Comparison between ADB’s Trade Finance and Supply Chain Finance Programs

Trade finance comprises of four components: payments, financing, risk mitigation, and information, and according to Malaket (cited in Beck et al. 2015), trade finance centered around loans and guarantees such as letters of credit, deferred letters of credit, and trade loans from financial institutions which support exports and imports. Matthee and Heymans (2013) assert financial institutions provide an export loan or credit facility required to complete exporting transactions through self-liquidating called structured trade and commodity finance type. Finance structure is designed to envisaged actual or perceived risks and every advanced is reimbursed from sales earnings. Beck et al. (2015) articulate that the second source of finance available to businesses in the first year of operation is supply chain finance which is a contrast from trade finance, as mainly focuses on receivables finance or factoring and is called post-acceptance finance. -The supplier sends an invoice to a buyer, which buyer approves in a supply chain finance platform on an irrevocable basis. Once approved, the supplier is able to sell the invoice to a financier. (Beck et al., 2015, p. 103). According to Beck et al. (2015), supply chain finance decreases working capital requirements through extending payment terms from suppliers, improves interactions with suppliers on initial payments, and assists to secure delivery of goods.

Matthee and Heymans (2013), articulate in Table 3.2 on market risks, whereby financial institutions consider before funding businesses in the first year of operation. Market risk involves three sub-elements which are commodity price risk, exchange rate risk and sovereign risk. Commodity price risk which has an influence on both businesses in the first year of operation who are or not exposed directly to commodities focuses on the probability of price drifting in a direction that is detrimental towards the survival of business in the first year of operation. Correspondingly, all businesses inclusive businesses in the first year of operation are direct or indirect exposure to exchange rate risk. Businesses in the first year of operation that participate in the global market are exposed to the probability of domestic currency appreciating especially on exporting contracts termination and outstanding payment falls due. South African Rand currency has been prominently volatility for the past ten years especially in 2017. Therefore exchange rate risks are precise credible risks for financial institutions to consider before providing funding to businesses in the first year of operation.

Global Entrepreneurs Monitor (2016) articulates other sources of capital for businesses in the first year of operation to participate in a global market place besides trade finance and supply finance is crowdfunding. Crowdfunding creates a platform for businesses in the first year of operation towards presenting various potential projects to different lenders. The funding equips businesses in the first year of operation with privilege and flexibility towards selection on reimbursement to investors. “The crowdfunding is structured through a model as; the all or nothing model means micro businesses will return the investors’ money unless receiving all the money needed for the goal.” (Global Entrepreneurs Monitor, 2016, p. 14). Exporting finance is significant towards businesses in the first year of operation with limited financial resources embarking on the international market. In addition to exporting finance Hill (2014) points out that exporting as a cost-effective strategy for businesses to embark on the international market due to avoidance of extensive costs for establishing manufacturing operations in the host country.

2.8.4.2. Exporting

According to Rankin, Darroll and Corrigan (2013), the country’s export industry has been identified as one of the components for economic growth and eradication of country high unemployment rate. Businesses in South African are invigorated to explore markets in Africa, and the probability of attaining

larger accessibility to enormous emergent markets is an aspect endorsed enthusiasm for the Brazil Russian India China South Africa (BRICS). In the report of the World Trade Organization (2016), electronic commerce has develops opportunities for businesses in the first year of operation to participate in the global market. Businesses in the first year of operation can easily expand and/or acquire market share through embarking on a market entry strategy called exporting. According to Huda (2013), Exporting exposes businesses that experience domestic market saturation and economic challenges to the global market place through enhancing business competitiveness. World Trade Organization (2016) report asserts that businesses in the first year of operation can craft an indirect market entry strategy through supplying products or services towards domestic businesses that are participating in regional or GVCs or trade products or services to export intermediaries, located in different countries, who participate in the international markets. According to Huda (2013), exporting assists businesses to spur up sales and increase profit margins by acquiring market share in the international market.

Daniels, Radebaugh and Sullivan (cited in Huda 2013) articulate exporting as beneficial towards the survival of businesses in the first year of operation due to requires a lesser amount of foreign investment and risk interlinked with exporting is less equate to other entry mode strategy. As reported in the World Trade Organization (2016) that less costly foreign investment can be through equity contractual entry mode strategy, such as franchising, licensing or other structural alliances or export consortia. Furthermore, businesses in the first year of operation due to limited resources can embark on mergers and acquisitions, and through co-investment such as joint ventures with other businesses to bridge the gap of deficiency core competencies. April and Reddy (2015) indicate the effectiveness of such an available entry mode strategy for businesses to survive in the first year of operation is through the acquisition of business skills and is beneficial to the contribution of the exportability. Business skills assist businesses in identifying new business opportunities, adequately manage global customers and suppliers relationships in the global market and manage processes and relationships abroad, and craft procedures that expedite international operations. World Trade Organization (2016) articulates further that business skills ought to be incorporated with a work program to identify export constraints such as integration of businesses in the first year of operation on GVCs and to improve synchronization between international businesses which can result in businesses complementary with each another. April and Reddy (2015) assert with World Trade Organization (2016), that incorporated work program into business skills enhances export proficiency and eradicate major uncertainties to participate in the global market among businesses in the first year of operation. Businesses in the first year of operation embarking on exporting

assist with participating in a global value chain which is beneficial towards expanding market share and survival.

2.8.4.3. Global Value Chain (GVC)

GVCs are defined according to OECD (cited in Kuzmisiin and Kuzmisiinova 2016) as geographic distribution of products and/or services into regions with the most prominent economic conditions and business environment. GVCs are important units of analysis to understand enterprise competitiveness. Activities along GVCs may involve concept, design, production, marketing, distribution, retailing and Research and Development. (Kuzmisiin and Kuzmisiinova, 2016, p. 23). In the report of the World Trade Organization (2016), businesses in the first year of operation can either participate in international markets through exporting or integrating into GVCs. GVCs are beneficial to businesses in the first year of operation due to permit advanced specialization, trade-in activities that entails fewer fixed capital and assists in eradicating major impeding to trade. Businesses in the first year of operation can adventure high-value niches in GVCs predominantly in regions where input costs are low. SME Competitiveness Outlook. (2017) reported that businesses in the first year of operation participating in GVCs networks will enhance productivity and equip business owners with skills that are prerequisites to expand and exploit economies of scale which reinforces survival in the first year of operation.

Kuzmisiin and Kuzmisiinova (2016) assert that improves the survival and stability of businesses in the first year of operation is through internment opportunities on niches market at lower costs. The report of Asian Pacific Economic Cooperation (2016), articulates that GVCs eradicate lack of ability through creating a platform for businesses in the first year of operation to indirect participate in the exporting market. Furthermore, GVC assists businesses in the first year of operation with inputs to larger businesses through domestic relations to participate in export markets. In the report of SME Competitiveness Outlook. (2017), businesses in the first year of operation embarking on GVCs are subjected to core competencies such as marketing, branding and strategic planning. Business owners in the first year of operation embarking on such skills will assist to lead and established priorities that serve in crafting an operational plan. The skills will contribute to the governance of businesses in the first year of operation on GVCs. The governance of businesses in the first year of operation will provide the capability to exert governor alongside chain concerning production processes and determine the flow of information and capability that is beneficial to the survival of businesses in the first year of operation. Based on the above

evidence global marketing skills is of significance to businesses in the first year of operation to expand on new market share due to market saturation. Acquisition of global marketing skills assists business owners with capabilities to effectively manage the business in the first year of operation.

2.8.5. Business management skills

Smit (cited in Ikupolati et al. 2017) define management skills as a demarcated process to impact individual and provide guidance to achieve organisational goals through planning, organizing, leading and controlling the business resources. According to Sidek and Mohamad (2014) business competencies such as strategic planning, marketing, financial, technical and management plays a significant role in survival and sustainability in the market place. Karanja et al. (2013) indicate that management capabilities are key critical contributors to the survival of businesses especially in the first year of operation. Management skills equipped business owners in the first year of operation with skills to strategically plan for the business. Olowu and Aliyu (2015) indicate that management skills comprise of four areas: technical skills, interpersonal skills, conceptual skills, and communication skills. The technical skills are subdivided into two: technological skills and managerial skills. Karanja et al. (2013) technological technical skills are defined as knowledge to execute operational business goals. Technical skills focus on knowledge and ability in a specific type of activity which contributes to the development of the product. The skills comprise capabilities in a specific area, analytical capability, and the ability to use suitable tools and techniques. The managerial technical skills focus on the break-even analysis for planning or capability to formulate and structure the work of the business. Interpersonal skill equips business owners in the first year of operation with the skill of know how to lead people, whereby business owners have the ability to encourage employees, resolve business conflicts and interacting with employees. Management development Ochola (2015) outlines as an actual source of effective continuous competitive advantage for the survival of business in the first year of operation. The effectiveness of business management is dependent on the leadership style of business owners.

2.8.5.1. Leadership skills

Madanchian and Taherdoost (2017) indicate business owners which subsequently are leaders of the organisation mostly ruminates all business plans and decisions, effective and judicious decisions with consideration of leadership of the business have an extensive imprint on business survival in the first year of operation. Arham et al., 2013 defines leadership as a demarcated process to impact individual and provide guidance to achieve organisational goals. Amagoh and Chen (cited in Madanchian and

Taherdoost 2017) state adequacy leadership aimed to change attitudes, personnel growth, and improved business performance. According to Madanchian and Taherdoost (2017), businesses' survival in the first year of operation is vital to acquire leadership skills. Due to globalization and business environment uncertainties, is vital for businesses in the first year of operation to be competitive and acquire leadership skills. Arshad et al. (2016) articulate businesses' survival in the first year of the operation depending on the leadership style of business owners. Melinde and Ciller (cited in Arshad et al. 2016) point out a direct linkage between leadership style and performance of the business. Leadership style is a crucial factor in the development and survival of businesses in the first year of operation and is the driving vehicle to strategic implementation.

“Leadership style refers to a leader's behavior which results in the philosophy, personality, and experience of the leader.” (Arham et al., 2013, p. 119). According to Arham et al. (2013), the type of leadership styles business owners embarks upon can be either detrimental or beneficial towards the survival of businesses in the first year of operation. Kihara, Bwisa and Kihoro (2016) elaborate further on leadership styles that are mostly used in SMEs that are transactional, transformational and passive. Aziz, Abdullah and Tajudin (2013) indicate that transactional leadership style is formed and centered on the foundation of interchange between business owners and subordinates. The transactional leadership style is perceived as a vehicle to guide and motivate subordinates in the direction of the business objectives. -Transformational leadership can lead to a high-performing organisation due to the supportive, delegative, participative, collaborative leader-follower relationship that evolves in an organization. (Aziz et al., 2013, p.46). According to Aziz et al. (2013), passive leadership is mainly inactive and is stated as a lack of leadership due to there is no support structure to subordinates. Kihara et al. (2016) articulate on type of leadership style business owners must embark on which is transformational leadership which can lead to the survival of businesses in the first year of operation. Makinde and Akinlabi (2017) urge that transformational leadership alone which focuses on the operational perspective of management of the business will not effectively contribute towards the survival of businesses in the first year of operation. Aziz, Mahmood, Abdullah and Tajudin (cited in Makinde and Akinlabi 2017) indicate that for effective transformational leadership, entrepreneurial orientation must be incorporated into transformational leadership. Makinde and Akinlabi (2017) state that entrepreneurial orientation which focuses on personal characteristics which comprise determination, aggressiveness, pro-activeness, risk-taking orientation, personal initiative, and self-belief; contributes towards survival of businesses in the first year of

operation. The combination of two dimensions which is transformational leadership and entrepreneurial orientation enhances good performance and assists in the survival of businesses in the first year of operation.

2.8.5.2. Business governance skills

Brahim and Nourredine (2017) define business dynamics, creativity, and adequate social climate in business are strongly coupled to governance and management skills. According to Kurniawati et al. (2018), business competence is extremely dependent on how it manages, organizes and develops resources. Governance is perceived to develop, establish and organize resources through knowledge, business skills, acquisition of capital, and improvement in management acquaintance and technology utilization. Therefore, for the business competence to be attained, it needs to arrange resources through governance, so that the competence, which is a replication of business survival in the first year of operation. Zhang and Thiam (2014) indicate that three stakeholders involved in governance which are managers, shareholders, and board of directors. Brahim and Nourredine (2017) and Kurniawati et al. (2018) expand governance towards issues interrelated to the distribution of authorities in the business and processes that outline decision- making supremacies. Alberti (cited in Zhang and Thiam 2014) delineates that governance enables public and private ownership of the business to cooperate and interact. This regulatory mechanism provides a combined dynamic that confiscates barriers for cooperation. Effective governance improves the performance of a business in the first year of operation, in South Africa. Zhang and Thiam (2014) define corporate governance as the framework in which business activities are directed and controlled. Corporate governance framework stipulates the distribution of rights and responsibilities between different stakeholders in the business such as the board, managers, shareholders and other stakeholders, and specifies techniques for decision- making on business challenges. Francis and Armstrong (cited in Zhang and Thiam 2014) assets that corporate governance focuses on internal business structures and procedures for decision- making, accountability, and management style of the business. In addition, Kurniawati et al. (2018) point out that corporate governance is a contributory element towards the survival of business in the first year of operation, in South Africa. Implementation of adequate governance upsurges operating income which is significant towards businesses in the first year of operation, in South Africa.

Gabrielsson and Huse (2017) assert with Kurniawati et al. (2018) articulating governance as a key

information system for external stakeholders towards monitoring managerial performance, and reduction of asymmetric information between contracting stakeholders. “Corporate governance checks and balances, both internal and external to companies, which ensures that companies discharge accountability to all stakeholders and act in a socially responsible way in all areas of the business activity.” (Asunka, 2017, p. 170). Jayashree (cited in Asunka 2017) indicates that the system of checks and balances between fundamental stakeholders such as a board of management, auditors, and shareholders is significance towards transparency of businesses in the first year of operation, in South Africa. Brahim and Nourredine (2017) indicate that corporate governance assists businesses to achieve transparency, equity, responsibility, and accountability. Transparency articulates on an interpretation of rights, obligations, prerogative and subsequent responsibilities in the business in the first year of operation, in South Africa. Equity focuses on the dissemination of rights and obligations amongst stakeholders and furthermore privileges and engagements correlated with objectivity in the first year of operation, in South Africa. Responsibility enunciates the responsibility of businesses in the first year of operation, in South Africa is determined through clear objectives. Accountability specifies the equal responsibilities of individuals within the business in the first year of operation, in South Africa. According to Asunka (2017), corporate governance makes certain judicious and accurate disclosure of all business matters about the business including financial position, performance, ownership and governance of the business in the first year of operation, in South Africa.

Uchehara (2017) articulates on disclosure of business matters as comprises of financial and operating outcomes of the business, business objectives, major share ownership and voting privileges, remuneration policy for board members and key directors or executives, and knowledge about members of the board comprising of qualification, selection procedure, other business directorship and whether are considered as independent in the board, related business transactions, anticipatable risk factors, issues relative employee and other stakeholders and governance structure in precise content of corporate governance code of policy and procedure which is executed. Hove-Sibanda et al. (2017) state that corporate governance plays a significant role especially to businesses in the first year of operation, in South Africa, operated through a sole proprietor or owner who is concurrently a manager and director. According to Asunka (2017), corporate governance assists in preparation and disclosure in accordance with high excellence standards of accounting and financial and non-financial disclosure for businesses in the first year of operation, in South Africa. Furthermore, corporate governance allows the annual audit to be

conducted through an independent, skilled and competent auditor which provides an external and objective assurance towards the board and shareholders that financial statement legitimately characterizes position and performance of the business in all material respect during the first year of operation, in South Africa. Uchehara (2017) asserts with Asunka (2017) that corporate governance plays a significant role relative to external auditors on accountability towards shareholders and indebted an obligation to the business for application due to professional precaution in the department of the audit. Mahzan and Yan (2014) point out that the efficiency of the audit objective is to enhance the systematic, well-structured approach towards evaluating and expand the effectiveness of risk management, control, and governance processes. Liang and Li (cited in Mahzan and Yan 2014) indicate that internal audit function is influential towards augmenting appropriate ethics and values within the business in the first year of operation, in South Africa. In addition, internal audit function ensures effective business performance management and accountability which is significant for survival in the first year of operation.

Mahzan and Yan (2014) articulate internal audit function as a driving vehicle towards communicating risk and control information to appropriate activities of the business in the first year of operation, in South Africa. The internal audit function is a contributory element to effectively coordinate activities of and communicate information amongst the board, external and internal auditors, and management. Corporate governance is centered on the control and direction of the business, exercised through business directors and individuals holding authority and power, and inclusive any decision making in all matters which are influential towards the vision, competitiveness, and sustainability of a business. In addition to board and business infrastructure, that comprises of the control, investment decisions, risk management, and environmental, social and governance responsibilities. According to Amoateng, Osei; Ofori and Gyabaa (2017), the significance of corporate governance principles in the management of businesses in the first year of operation, in South Africa cannot be underestimated. Sarbah, Quaye and Affum-Osei (2016) indicate that corporate governance is the vehicle for new strategic outlooks through non-executive directors which enhances business corporate competitiveness in the first year of operation. Corporate Governance is the process and structure to direct and manage business functions or activities to enhance business competitiveness and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interests of stakeholders. (Mahzan and Yan, 2014, p. 159). According to Kurniawati, Sari and Kartika (2018), corporate governance is influential towards the participation of all business stakeholders such as employees, managers or owners, investors and venture

capitalists who are contributory to competitiveness and survival in the first year of operation, in South Africa. According to Mahzan and Yan (2014), corporate governance contributes to the business in the first year of operation, in South Africa on the management of business assets efficiently, the capability to acquire capital on low cost, capacity to fulfill societal expectations and improvement of performance which has an impact on survival. Dube et al. (cited in Shariff and Abidin 2018) indicate that there is a direct relationship between corporate governance and on acquisition financial resources from financial institutions, investors and venture capitalists for business owners in the first year of operation, in South Africa.

Kurniawati et al. (2018) assert that the execution of good corporate governance of businesses in the first year of operation, in South Africa improves business communication, minimisation of potential conflict, improves productivity and efficiency, augments customer satisfaction; and acquisition of investor confidence. As reported in the Institute of Directors in Southern Africa (2014) execution of corporate governance of businesses in the first year of operation, in South Africa drives for constantly adapt or evolve as the business grows. Business owners should determine which corporate governance methods most appropriate during the first year of operation, in South Africa. Imperatives essential of Corporate Governance according to Uchehara (2017) enhances the efficiency of the business during the first year of operation, in South Africa. Adequate corporate governance assists with sustainability and appropriate growth in the first year of operation, in South Africa. Kurniawati et al. (2018) point out that effective corporate governance diminishes apparent risks, subsequently demonstrated through the adoption of virtuous corporate procedures and ethics constructs stakeholders' confidence. Implementation of corporate governance stimulates stability, sustainability, long-term sustenance of stakeholders' relationship; and Prospective shareholders' desire to become part of the business whose governance credentials are exemplary. Ijeoma and Ezejiolor (cited in Kurniawati et al. 2018) state corporate governance plays is a contributory element towards improving transparency and accountability of businesses in the first year of operation, in South Africa. In accordance with Asunka (2017), corporate governance enables businesses to function to become effective through stimulating accountability and compliance. Furthermore, corporate governance plays a significant contribution to social responsibility for the environment. In the reporting of the Institute of Directors in Southern Africa (2014), good governance essentially focuses on effective leadership established on an ethical foundation. This is characterised through ethical values of responsibility, accountability, fairness, and transparency.

Responsible business owners direct the business strategies and operations with an understanding of attaining sustainable performance in the first year of operation, in South Africa. Corporate governance according to Lekhanya (2015) enables structure availability through which business objectives are crafted and providing procedures of achieving those objectives and determining performance monitoring which is significant for survival in the first year of operation, in South Africa.

As reported in ACCA (2015) corporate governance assists with adequate reporting and transparency relative towards decision making and risks controlled, and additional business matters that are significant to the board's consideration or attention of committees for review or approval which are relevant for survival in the first year of operation, in South Africa. Lekhanya (2015) indicates that the corporate governance framework enhances understanding of different roles and accountabilities and confines of authority and creates balance the board requests to comprehend between acceptable risk and reward in the first year of operation. In the reporting of ACCA (2015) corporate governance plays an important role in adequate communication of business strategic objectives and incentives for employees essential to be supportive of board strategies. Corporate governance assists with diminishes of risk of conflict amongst family members or other business owners who involved in the daily operation of the business and those who are not passively involved in the business activities in the first year of operation, in South Africa. Abor & Biekpe (2017) assert that there is a direct linkage between corporate governance and survival of business in the first year of operation, in South Africa due to the acquisition of management skills from external directors. ACCA (2015) reporting indicate that businesses embarking on governance play a significant role in the resolution from challenges that emerge during the first year of operation, in South Africa. Corporate governance is also valuable in times of crisis when there is a need to have fresh ideas or a fresh way of handling different challenges that are arising. In accordance with Abor and Biekpe (2017) and Mahzan and Yan (2014), corporate governance is positively influential on productivity which is linked with the survival of business in the first year of operation. Yacuzzi (cited in Mahzan and Yan 2014) points out that transferring ownership and control to non-executives or boards of directors improves business competitiveness in the first year of operation due probability of creativity and innovation through corporate governance.

Asunka (2017) points out that the implementation of corporate governance eradicates current management skills deficit, as assists with a fundamental principle of crafting and executing the mission

statement of the business and technique of accounting and disclosure of audited Account which is of importance for survival in the first year of operation. Furthermore helps with business policy statement relevant for survival in the first year of operation, in South Africa. Corporate governance contributes towards the development of annual management and accomplishment statements which is a contributory element towards business long term sustainability vision. According to Lekhanya (2015), corporate governance assists with six techniques for the development and implementation of business strategy which are situational analysis, outlook, strategy, resolution, measures, and controls. The situational analysis focuses on competitive situations, competencies and core capabilities, strengths and weaknesses of the business in the first year of operation. Outlook analyses future trends and market competitiveness, competitors, opportunities and threads in the first year of operation. The strategy centered on the vision derived from ownership strategy, the strategic direction of influence relative to products or services, target markets, added value and innovation and financing of the business in the first year of operation. The resolution focuses on the approval of strategy documentation through the board of directors in the first year of operation. Measures emphasize setting-up of the business, program measures, and budgets which is of significance for survival in the first year of operation. Controls periodic either quarterly or half-yearly verifies measures for implementation and effectiveness for the attainment of business objectives.

Mahzan and Yan (2014) assert with Asunka (2017) that corporate governance is an essential factor for stakeholder relations, welfare commenced, legal and regulatory compliance of the business in the first year of operation, in South Africa. –Good corporate governance improves businesses in the first year of operation prospect of obtaining funds from banks, investors and venture capitalists. (Shariff and Abidin, 2018, p. 26). Hamad and Karoui (2016) points out that corporate governance for businesses in the first year of operation further focuses on protection of the contribution of the shareholders, however; transactions between business and different stakeholders which are directors, creditors, salaried employee, customers, suppliers and societal environment in first year of operation, in South Africa. According to Shariff and Abidin (2018), corporate governance assists with planning overall business structure relative to job descriptions, communication channels, authority hierarchy to abolishes misperception and provides for fundamental self-awareness on the business operations and regulatory for decisions making processes. In addition, good governance can help to develop effective and efficient corporate strategic planning.

2.8.5.3. Strategic planning

“Sound planning proceeds sound decision making and planning is a luxury which could be afforded.” (Chidinma, 2013, p. 35). Mosoti and Kamau (2014) articulate that strategic planning has become one of the fundamental elements in the first year of operation businesses due to globalization of markets and technological changes. According to Van Scheers and Makhitha (2016), strategic planning is largely known as improving the performance of the business especially businesses in the first year of operation that embark on strategic planning are unlikely to fail. However, strategic planning is hardly practiced especially businesses in the first year of operation. Yeboah (cited in Van Scheers and Makhitha 2016) argues that businesses in the first year of operation, in South Africa struggle with strategic decision-making and with limited resources such as time, finances and professional expertise, which exposes inadequate strategic planning. The root cause is a lack of adequate skills and a lack of acknowledgment of the importance of strategic planning. More than 50 percent of business owners in the first year of operation embark on a business venture without adequate business plans, strategic planning and systematic decision-making which are the vital determinants required for survival and growth of the business.

Chidinma (2013) indicates that poor planning in business holistically, financial, marketing and management; and the inability of owners to articulate on business objectives and implementation strategy results in a high failure rate of businesses in the first year of operation. The argument of Mungal and Garbharran (2014) is that despite inadequate accessibility of capital, inadequate cash management as contributing factors to the high failure rate, lack of planning on the cash inflows and cash outflows creates liquidity constraints on businesses in the first year of operation. Liquidity constraints that mostly resonate from inadequate planning influence business growth, sustainability, and profitability. The strategic planning of the business is interlinked with a business plan which articulates the direction of the business.

2.8.5.4. Business plan

Kusi, Opata and Narh (2015) define a business plan is a living detailed document that articulates the business planning, business structure, business objectives and products and/or services. The document is official planning for the business aimed at the risk of business failure and for the accessibility of capital.

The document prerequisite is to continuously be updated to be relevant and assist in the growth and survival, especially for emerging micro businesses. However, businesses during business start-up elude drafting the business plan. More than 50 percent of businesses in the first year of operation perceive a business plan as a document for capital accessibility that is a framework for survival. Agwu and Emeti (2014) indicate that due to business plan identified as an important determinant, business plan not incorporated into the business operations has an influence on businesses in the first year of operation envisage future performance and/or adaptive strategies. Muriithi (2014) points out that the incorrect perceptions of a business plan are a contributing factor for businesses in the first year of operation operate on trial and error and the focus is on the short-term plan than a long-term plan which is vital for business sustainability. The inadequate business plan is influential in the management of business risk.

2.8.5.5. Risk management

According to Cant and Wiid (2013), businesses in the first year of operation to be competitive are essential to adapt and be considerate of the business environment factors such as political, social, economic, inflation, interest rate, unemployment and exchange rates. O'Regan et al. (2013) point out that environmental dynamism determines the degree of importance on strategic planning. Businesses are highly exposed to the business environment dynamics and to survive in the first year of operation is vital to embark on strategic planning. Verbano and Venturini (2013) define risk management as processes of planning and controlling of resources to achieve the business objectives despite the impact of business environment uncertainties. "Risk management contains a set of continuous actions: awareness, identification, evaluation, and development of risk management methods, decision making of suitable methods, implementation, and post- management."(Duong, 2013, p. 15). Smit and Watkins (2012) point out that an adequate risk management plan enables businesses to implement business strategies efficiently. Management can envisage the potential risks the business is exposed to and develop the mitigation plan to ensure the business is competitive despite the risks exposure.

Ntlhane (cited in Smit and Watkins 2012) encapsulates risk management as the fundamental principle for businesses to survive in the first year of operation. business owners in the first year of operation during planning and implementation of business strategy is vital to take awareness of the managerial risks that emerge to enable the effectiveness of the business strategy. business owners in the first year of operation before embarking on the business venture is vital to acquire risk management skills such as risk handling

techniques and risk control programs. The skills will enable emerging business owners to be cognisance of both the financial and non-financial activities as both play an important role in the survival of the business's first year of operation. Business owners in the first year of operation are able to identify any threats and opportunities that detrimental or beneficial respectively to the financial and non-financial activities. Furthermore, business owners in the first year of operation are equipped with the capability to evaluate decisions that are significant to the business future strategy. Business owners embark on the risk strategy results in avoiding, reducing or responsive to the potential risks and comparison of risks which is vital in the drafting of the adequate strategic plan for survival in the first year of operation.

The adequate strategic plan facilitates an appropriate risk process through prioritising the risks in relation to the impact on the performance of the business in the first year of operation. Furthermore, through strategic management, the risk process will be tailored to the business vision, objectives and the availability of resources. The effectiveness of the strategic plan for emerging business owners is to create a culture of discussion of any potential risks with employees and/or partnership/strategic alliances and allow all feedback to become an input and continues improvement for risk valuation processes for the business. These will results in businesses aligned with the mission and business objectives irrespective of the business environment's current condition; and result in the survival of business in the first year of operation.

2.8.5.6. Performance

Sosiawami, Ramli; Mustafa and Yusoff (2015) define business performance as the capability of utilization of internal resources to achieve business goals effectively. Business performance can be measured from the perspective of both financial and non-financial performance. Santos and Brito (cited in Sosiawami et al. 2015) asserts financial performance perspective measures are based in survival of the business and is measured in relations to cash flows, sales growth quarterly, operational income, competitive edge in the market place and return on equity., whereas non-financial performance measures customer satisfaction, employee satisfaction, quality, reputation, and innovation. Haber, Reichel, Dess and Robinson (cited in Sosiawami et al. 2015) articulate that business performance can be measured through objective measurement which comprises of financial measures and subjective measurement which comprises self- reported measures. Strategic planning from empirical studies is defined as a driving vehicle for the formation and implementation of the business strategy and proliferate the

efficiency and effectiveness of the business. Adequate implementation of the strategic plan results in the improved performance of businesses in the first year of operation.

Sosiawami et al. (2015) assert that a strategic plan is fundamental for business in the first year of operation to develop and sustain the performance of the business. Businesses that have acquired a strategic plan are likely to survive in the first year of operation through higher growth in sales, adequate return on assets, and improvement in profit margins and obtain a competitive advantage. Awino (2013) indicates that a strategic plan equips business owners in the first year of operation with skills to analyse both internal and external environments aimed to identify and strengthen important capabilities. Business owners in the first year of operation will be able to develop long and short term budgets and targeted to expedite implementation, and acts as a performance management tool. Business owners in the first year of operation acquiring the skills through embarking on the strategic plan will result in business productivity, long term performance and sustainability. There is a direct linkage between business positioning and managerial approach is imperative factors to businesses' performance in the first year of operation. Chakravarty (cited in Makinde and Akinlabi 2017) indicates that businesses' performance in the first year of operation is subject to the managerial approach to strategic planning and furthermore strategic planning has an influence on the business positioning which can either be detrimental or beneficial to the performance of the business. Therefore business positioning and managerial approach play a crucial role in the performance of emerging businesses in the first year of operation.

2.9. Summary

The chapter discussed South Africa's perspectives of defining small businesses, current business challenges, business skills deficit and benefits of business skills. The majority of businesses in South Africa are started every year, however; they fail due to financial, liquidity and credit constraints. Business environment uncertainties, business skills deficits and tax increase create constraints that contributed to the high failure rate of businesses in the first year of operation. Business in the first year of operation encounter challenges in financial resources, marketing, and management. The challenges have crippled SMMEs industry especially businesses in the first year of operation. Inadequate technical skills, business skills deficit and poor accessibility of capital are obstacles to business competitiveness. Business skills play an important role in equipping businesses in the first year of operation with skills to envision

possible risks and mitigate future risks. The skills will empower business owners in the first year of operation to make adequate business decisions that contribute to the survival of businesses in the first year of operation. Business skills play a significant role in the capability to adequately administer business resources and effectively achieve business goals.

The next chapter presents the development of Business Bootstrapping Model that will eradicate challenges and reduce identified business skills deficit gap that has been reviewed and led to the high failure rate in the first year of operation, through reviewing of theoretical underpinnings existing models such as financial bootstrapping and Balance Score Card.

CHAPTER THREE: BUSINESS BOOTSTRAPPING MODEL

3.1. Introduction

Chapter two unwrapped challenges of businesses in the first year of operation and business skills deficit that negatively influence the survival of businesses in the first year of operation, in South Africa. Academic framework derived from secondary literature sources cited that South African businesses in the first year of operation experienced a high failure rate and the majority struggles to survive in the first year of operation due to such challenges reviewed in the preceding chapter. Global assessment reports (2016-2017) have elaborated further that, those challenges of businesses in South Africa in the first year of operation are primarily emerging due to business skills deficiency.

The literature reviewed manifests that businesses are less likely to survive for the first year of operation. Existing models that are available such as Financial bootstrapping and Balance Score Card are both significant to businesses in the first year of operation; however business owners struggle to integrate both existing models. Both are not tailored for business owners without business skills and/or financial resources. A minority of business owners with financial savings are likely to embark on financial bootstrapping. Zwane and Nyide (2017) state that a vast majority of business owners in the first year of operation are not familiar with the Financial bootstrapping. The remaining components identified in the literature which are financial management, marketing, and business management skills are not tailored to include business owners which are without both business skills and/or financial resources. Kamunge, Njeru and Tirimba (2014) stipulate further that financial and non-financial components are significant to the survival of business in the first year of operation. The majority of literature reviews focuses on financial performance components and the remaining three performance components that are significant for business survival in the first year of operation are rather scarce.

This chapter is written to guide the process of filling a research gap in the literature by developing a significant hybrid model called Business Bootstrapping. The hybrid model is the combination of the Financial bootstrapping and Balance Score Card. The Business Bootstrapping will consist of all the four components, to develop innovative strategies for businesses in the first year of operation. The objective of Business Bootstrapping is to equip business owners who are not and/or less equipped with business knowledge and without financial resources. The constructing of the Business Bootstrapping Model is

subdivided into three sections. The first section reviews Financial bootstrapping and Balance Score Card models and furthermore identifies the research gap that are hindrances to the business survival in the first year of operation. The existing models are used as a framework to bridge the identified gap through the development of the Business Bootstrapping Model. To proliferate the effectiveness of the Business Bootstrapping Model, the next section reviews additional internal resource models such as pecking theories, Resource Dependence Theory (RDT), contingency theory and corporate governance as are all significant to the survival of businesses in the first year of operation. The third section is the development of the Business Bootstrapping Model through the integration of the first and second sections.

3.2. Financial bootstrapping theory

This section reviews Financial bootstrapping theory which contributes towards the development of the Business Bootstrapping Model. A substantial body of theoretical literature stipulated that due to information asymmetries between businesses in the first year of operation, financial institutions and investors have created impeding in South Africa to embark on external financial sources. Vanacker, Manigart; Meuleman and Sels (2014) indicate that financial resource scarcity contributes to the impeding of businesses in the first year of operation, in South Africa. The impeding created a monetary gap for businesses and been detrimental to the survival of the first year of operation. According to Fatoki (2014), resources are decisive to business operations especially financial resources for businesses to survive in the first year of operation. Financial institutions and investors require collateral as a requirement for capital which is detrimental to businesses in the first year of operation. The inadequate access to capital in South Africa resulted in businesses in the first year of operation to have an alternative towards capital acquisition. Zwane and Nyide (2017) assert that financial constraints on businesses in the first year of operation resulted in a compelling need for innovative strategies for adequate financial resources. In the next section Financial bootstrapping framework is discussed in detail.

3.2.1. Defining financial bootstrapping framework

Thorne (1989) and Bhide (1992) critical explored innovative strategies for an internal financial resource on businesses in the first year of operation, and defined strategies as diverting from traditional sources of financing such as debt and equity from investors and financial institutions through the creation of self-reliance method to finance the business. According to Bhide (1992), the majority of businesses during start-up embarked on the low-cost strategy through innovative methods called bootstrapping. “Bootstrapping is a way of launching ventures with modest personal funds.” (Bhide, 1992, p.110). Fatoki

(2014) coincides with Bhide (1992) that Financial bootstrapping is an RDT management strategy incorporated in the financial management strategy of business for attainment and control of resources, and minimise financial capital required during start-ups through a financial market with traditional sources. Zwane and Nyide 2017 agree that Financial bootstrapping enables businesses in the first year of operation through personal savings to develop financial resources or extend existing resources without access to external financial resources. Vanacker et al. (2014) coincide with RDT and Pecking Order Theory framework that Financial bootstrapping aimed to reduce dependence from financial institutions and investors through creating anticipated influence using resources that are significant to achieve preferred results. Zwane and Nyide (2017) in table 2.1 have identified 32 methods to bootstrapping business and business owners who are equipped with business skills mostly utilise Financial bootstrapping during the start-up of the business.

Table 3.1: Method of Bootstrapping

Owner financing methods
Withholding manager's salary for shorter/longer periods
Use of managers private credit card for business expenses
Obtain capital via manager's assignments in other businesses
Obtain loans from relatives/friends
Employ relatives and/or friends at non-market salary
Run the business completely in the home
Minimization of accounts receivables (customer-related)
Use interest on overdue payment from customers
Use routines in order to speed up invoicing
Offer the same conditions to all customers
Offer customers discounts if paying cash
Cease business relations with customers frequently paying late
Deliberately choose customers who pay quickly
Joint utilization
Share equipment with other businesses
Share employees with other businesses

Share premises with others
Borrow equipment from other businesses for shorter periods
Delaying payments
Deliberately delay payment to supplier/s
Lease equipment instead of buying
Deliberately delay payment of value-added tax
Buy used equipment instead of new
Hire temporary personnel instead of employing permanent
Minimization of capital invested in the stock
Seek out best conditions possible with supplier/s
Use routines in order to minimize capital invested in the stock
Co-ordinate purchases with other businesses
Buy on consignment from supplier/s
Practice barter instead of buying/selling goods
Subsidy finance
Obtain Subsidy from County Labour Board
Obtain subsidy from Swedish National board for Industry and Technical Development
Obtain subsidy from County Administrative Board
Obtain subsidy from the Foundation Innovations centrum
Raise capital from a factoring business

Table 3.1: Source: Zwane and Nyide 2017, Method of Bootstrapping

Vanacker et al. (2014) elaborate further on those 32 methods to bootstrapping in Table 3.1 on optimizing financial focuses needs of businesses in the first year of operation through securing resources on low-cost strategy and acquiring resources without accessing external traditional financial sources such as financial institutions and investors. Fatoki (2014) coincides with Zwane and Nyide (2017) that Financial bootstrapping is divided into six sections which are: owner- financed method, minimization of account receivables, minimization of capital invested stock, relationship-oriented, Joint utilization, and subsidy finance. The owners-related method focuses on the employment of relatives and close friends in business without remuneration and/or non- market rate. The second section is the minimisation of account

receivables which emphasises on businesses' improvement of cash flow position for the survival of the first year of operation through negotiation with suppliers and creditors for favourable payments terms. Minimisation of capital investment which is the third section aimed to create an optimal relationship with suppliers, procure on consignment from suppliers and bartering service or goods.

Winborg and Landstrom (cited in Zwane and Nyide 2017) articulate relationship-oriented which is the fourth section as centered on customer relationships which enables business in the first year of operation to become self-funded as the relationship improves efficiencies and negotiations with customers for advance payment for goods and services to be supplied. Joint utilization which is the fifth section according to Joakim (2015) states that the focus is on the integration of the supply chain strategy which is beneficial to businesses in the first year of operation as can create marketing and/or new business opportunities as a result of conservative market transactions. Neeley (cited Schinck and Sarkar 2012) indicates subsidy finance which is the last section's main objective is resource sharing which contributes to minimise transportation and inventory costs and volume discounts through the integration of supply chain with other businesses.

3.3. Balance Score Card theory

This section reviews the Balance Score Card theory which contributes towards the development of the Business Bootstrapping Model. Wasniewski (2017) points out that, the performance measurement system is one of the elements which crafts business value, and is aimed to improve the competitiveness of both short and long business term perspective. Hough, Thompson; Strickland and Gamble (2015) indicate that performance management incorporates a range of significant management processes to ensure relevance and mandatory impact for sustainable performance through vision and strategy as input and framework for all performance ingenuities. Falle, Rauter; Engert and Baumgartner (2016) agree with Kaplan and Norton (1996) indicating the main objective is to translate business vision, business strategy into strategic objectives and performance indicators. Awadallah and Allam (2015), point out that a vast majority of businesses utilise the Balance Score Card tool to measure the overall performance of the business or for strategy implementation. Furthermore, Kirsten et al. (2015) state that large businesses compared to micro businesses is implementing the Balance Score Card to measure business performance. In the next section, the Balance Score Card framework is discussed in detail.

3.3.1. Defining Balance Score Card framework

“The Balanced Scorecard is a framework consisting of a comprehensive set of performance measures. As shown in Figure 3.1 the business performance is thus measured across four balanced perspectives, namely financial, customers, internal business processes and learning and growth perspectives.” (Kirsten, Vermaak, and Wolmarans, 2015, p.17).

Figure 3.1: Balance Score Card

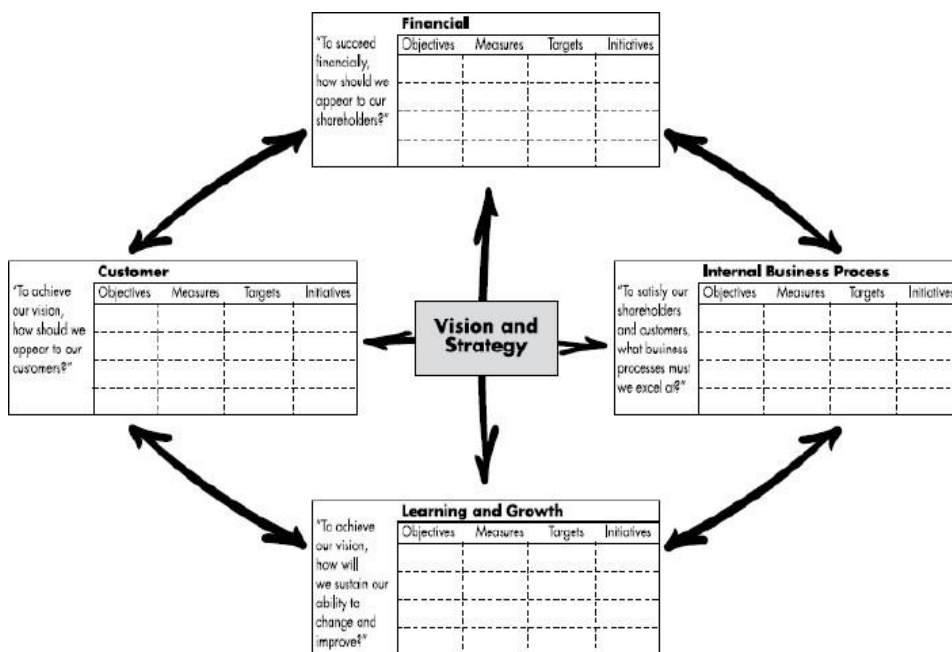


Figure 3.1: Source: Kaplan and Norton 1996, Translating Vision and Strategy: Four Perspectives

“The financial performance measures define the long-run objectives of the business unit.” (Kaplan and Norton., 1996, p. 56). According to Owolabi, Adetula, and Taleatu (2013), financial perspectives highlight cost proficiency, saving and utilization of assets and to evaluates adequate capacity to deliver satisfactorily to a customer at low costs. Owolabi et al. (2013) indicate that the second perspective which is the customer perspective enables businesses to achieve and increase revenues implemented in the financial perspective. The customer perspective focuses on factors that are of significance to customers. Kaplan and Norton (1996) state that factors that are of significance to customers are: product and/or services, customer relationship and image and reputation. The third perspective according to Kaplan and

Norton (1996) defined as learning and growth as a source to bridge the gap that can emerge from other perspectives from Balance Score Card. Owolabi et al. (2013) point out that the learning and growth perspective detects the capacity of employees, the importance of information systems and the effectiveness of business alignment to achieve business goals. Kaplan and Norton (1996) state that the last perspective which is the internal business process points out critical business processes which has a direct influence on the customer perspective of Balance Score Card. The internal business process is subdivided into two sections: traditional and Balance Score Card approaches. The traditional approach is mainly to monitor and improve business processes. Whereas the Balance Score Card identifies a new approach through innovative processes the business should embark upon. Based on the discussion of Financial bootstrapping and Balance Score Card theories, the next section debates the research gap which emerged.

3.4. Research gap

This section reviews the research gap which emerged from Financial bootstrapping and Balance Score Card theories which contribute towards the development of the Business Bootstrapping Model. As discussed in the previous chapter and in accordance with Fatoki (2014) financial, liquidity, credit constraints and deficiency in business skills cripple survival of businesses in the first year of operation, in South Africa. According to Zwane and Nyide (2017), information asymmetry and inadequate accessibility of capital are major obstacles to the survival of businesses in the first year of operation, in South Africa. Financial bootstrapping is predominantly capital efficiency than compensating for a lack of internal resources. According to Old mutual (2017) and assessment reports, low domestic savings in South Africa exclude a majority of business owners' in the first year of operation occupies elementary occupation. The exclusion creates a conundrum whereby businesses in the first year of operation struggles with financial resources during start-up because of unfavourable external business environment factors such as inadequacy accessibility of capital and poor domestic savings. Inadequate domestic savings have negative implications on the implementation of the Financial Bootstrapping Model.

Waluyo et al. (2016) argue that businesses in the first year of operation struggle towards implementing the Balance Score Card due to the scarcity of financial resources and deficiency of business skills. Two of the Balance Score Card model components which are: financial and customer perspective is highly dependent on financial resources to be effective. The financial perspective requires previous financial

records as input and highlights on sales growth and to acquire new market share for businesses in the first year of operation. The lack of previous financial records in the first year of operation and inadequate accessibility of capital required during start-up. The vast majority of business owners in the first year of operation struggles towards utilising a financial perspective component of the Balance Score Card model due to highlighted factors. Financial and customer perspectives are intertwined and dependent on each other. Factors that are of significance to customers such as product and/or services, customer relationship and image and reputation are dependent on the effectiveness of a financial perspective. Furthermore, the financial perspective is depended on the availability of capital and the majority of businesses in the first year of operation, in South Africa struggles with the accessibility of capital. A sole proprietorship is profit-driven, the learning and growth perspective is challenging to be utilized, due to limited resources in the first year of operation for businesses. Therefore lack of adequate crafting of vision and strategy, inadequate accessibility of capital and business skills deficit results in businesses struggle to utilize the Balance Score Card model in the first year of operation. The next section discusses supplementary theories that are significant for the development of the Business Bootstrapping Model.

3.5. Pecking and Resource Dependence Theories (RDT)

This section reviews theories' significance towards utilisation of existing resources which contributes towards the development of the Business Bootstrapping Model. According to Abdulsaleh and Worthington (2013), businesses in the first year of operation are depended on both internal sources such as personal financial savings and external sources of finance such as acquiring capital from investors and financial institutions for survival. Berger and Udell (cited in Abdulsaleh and Worthington 2013) elaborate further that the survival of businesses in the first year of operation is heavily depended on the internal source of finance due to lack of financial records and difficulty in the accessibility of capital. The pecking order model through Myers (1984), stipulates the significance of internal over external financial resources. Furthermore, Pfeffer and Salancik (1978) point out the importance of resources that influences business competitiveness through a model called Pecking Order Model and Resource Dependence Theory (RDT).

3.5.1. Pecking Order Model

According to Myers (1984), an internal source of finance plays a significant role than an external source of finance in businesses. Businesses observe a hierarchy on financing sources, with preferences of an internal source of financing. The financial deficit of the business is not depended on the current debt

level. Forte, Barros and Nakamura (2013) stipulate the significance of internal financial resources than external financial resources is that businesses tend to be more profitable that are less financial leverage. Abdulsaleh and Worthington (2013) point out, businesses in the first year of operation are mostly depended on the internal sources of finance such as personal savings. -Internal sources (also known as informal finance) are defined as everything other than bank financing. Informal financing comes from pawnbrokers, moneylenders, or informal banks, which are not legally registered. Internal financing includes loans seconded from family members, non-profit organizations, moneylenders, rotating savings, and credit associations. (Mohamad, Sidek; Ghee, Abdullah; Ismail and Mustapha, 2015, p. 5).

Myers (1984) states that businesses resort to external finance after exhaustion of internal finance. Menike (2015) agrees that pecking order theory is significant to businesses in the first year of operation, in South Africa as a result of the difficulty in the accessibility of capital for businesses in the first year of operation. Myers (1984) states that an external source of finance, especially through debt over equity, is regarded as a last resort for business finance. Menike (2015) elaborates that business owners in the first year of operation, in South Africa majority do not typically want to dilute business ownership. Therefore micro business owners for an external source of finance prefer debt than equity. "The value of business and wealth of shareholders associated with the business is disturbed by the asymmetry of information." (Myers, 1984, p. 25). Jibrán, Wajid; Waheed, and Muhammad (2012) states information asymmetry is a contributing factor towards the lack of optimum debt to equity ratio. Njeru, Namusonge, and Kihoro. (2012) states that the resolution of information asymmetry is comparatively costly for businesses in the first year of operation and has to dampen utilisation of external sources of finance. Viswanadham (2017) points out that there is a widespread of capital structure between micro businesses and large businesses. The widespread is the result of the difficulty of accessibility of capital for micro businesses and information asymmetry. "Besides, acute asymmetries of information, lack of reliable track records, reliance on collaterals and lack of equity, continue to impede access to finances and particularly to debt financing." (Aabi, 2014, p. 190). Myers (1984) advocates that the capital structure decisions of a business are subject to business age. Abdulsaleh and Worthington (2013), agree that business size is commonly linked with business age as normally have a similar influence on the business life cycle.

3.5.2.Resource Dependence Theory (RDT)

According to Pfeffer and Salancik (1978), RDT suggests that critical resources should be well articulated to determine the level of influence on the competitiveness of the business. Fatoki (2011) coincides with

RDT and Pecking order model that financial capital which is either internal or external plays a significant measure in businesses' competitiveness in the first year of operation, in South Africa. Businesses in the first year of operation to obtain physical resources to be competitive advantage require financial capital. As physical resources are depended on the availability of financial capital; for the survival of businesses in the first year of operation. Pfeffer and Salancik (1978) indicate that scarcity of critical resources in business can become a threat to the performance of the business. The higher dependency of critical resources on business competitiveness, the greater is the amount of uncertainty and uncertainties reduction through vertical integration. Fatoki (2011) agrees that difficulty inaccessibility of financial capital for businesses in the first year of operation, in South Africa resulted in a high amount of uncertainties. The high amount of uncertainties became an impeding between micro businesses and financial institutions. Miao, Rutherford, and Pollack (2017) point out, that businesses in the first year of operation to eradicate the high amount of uncertainties is through reconfiguring current resources and exploration of institutional inputs. In contrast, Myers (1984) introduced the Pecking order model He and Ausloos (2015) urges that internal financial source alone is inadequate to business survival in the first year of operation, in South Africa. As business profitability increases the dependence of external financial source decreases which results in an inverse relationship between profitability and leverage. Mandiefe and Bafon (2015) coincide with He and Ausloos (2015) that due to information asymmetry business owners in the first few months are depended on personal savings. However; after a few months of operation vulnerabilities of undercapitalisation become visible and creates an impeding on the liquidity of the businesses. As micro business owners end in a conundrum situation as the financial savings are depleted in the first few months of operation.

Daft and Weick (1984) elucidated the theory of enactment that businesses in the first year of operation can utilise available resources such as financial savings to create opportunities for the business. Wiklund et al. (cited in Schofield 2015) point out that the theory of enactment emboldens business owners in the first year of operation, South Africa to explore different methods towards financing business in an environment that has inadequate accessibility of capital. Schofield (2015) elaborates further that enactment theory coincides with the Resource constraint theory and RDT. -If resources are fewer than what is necessary to fulfil operational requirements, applications of the available resources used will gain the most efficiency from the use. Micro businesses use available resources in a way that maximizes efficiency and applies resource usage in a meaningful wayl. (Schofield, 2015, p. 27). The next section

discusses the utilisation of existing resources towards the adaptive business environment.

3.6. Contingency theory

This section reviews theories significance for adaptive towards the business environment which contributes towards the development of the Business Bootstrapping Model. According to Suarez (2016), business performance is largely dependent on the efficiency, financial status, and effectiveness of the business. The success of every business is largely dependent on interaction with the external business environment. Chi (2015) urges that the business environment is associated with a high level of complexity, vigor, and bounty collectively. Therefore, such a high degree of complexity requires a high level of erudite knowledge in relation to products and customers. Martins and Rialp (2013) state the external business environment as highlighted are fundamental contingency or contextual factors in business competitiveness. Therefore, the business environment as identified as a critical factor to the performance of any business gives rise to contingency theory. -Contingency theory establishes that in response to environmental conditions, organizations design different ways of functioning during the existence due to the impact that are received from different situational factors. (Marin-Idarraga and Cuartas-Marin, 2013, p. 77). According to Marin-Idarraga and Cuartas-Marin (2013), contingency theory indicates that all variables influence each other and have a direct influence on business competitiveness. Sillince (cited in Marin-Idarraga and Cuartas-Marin 2013) points out that there is a linkage between contingent factors and the structure of the business. Thus contingent factors have a direct effect on the structure of the business and in addition, business structure pursues adaptive measures to contingent factors to be competitive. The next section discusses business governance which is significance towards survival in the first year of operation.

3.7. Corporate governance theory

This section reviews governance theories that contribute to the development of the Business Bootstrapping Model. King IV (2016) reporting, articulates business competitiveness as the design of, and not limited to economic value, however as performance within the context of society, environment, and economy whereby businesses in the first year operating. According to Hove-Sibanda, Sibanda and Poee (2017), defined corporate governance as structure and process used to through management of business activities, towards augmenting business performance and accountability in consideration of all relevant stakeholders. Corporate governance is interlinked with red-tape impeding and agency problems

associated with large businesses. However, corporate governance has the potential to enhance the competitiveness of business in the first year of operation, in South Africa and for decades has been utterly detached from specifically SMMEs industry. However, corporate governance in a practical application has a significant role to unravel the true value of a business unrelatedly of business size. Willan et al. (cited in Hove-Sibanda et al. 2017) point out that corporate governance can transform businesses in the first year of operation from survivalist businesses that struggle to grow into a business that is sustainable through improved competitiveness and sustainability. King IV reporting incorporated certain principles and practices to accommodate micro businesses to improve performance and competitiveness. Principles and practices in the reporting indicate that businesses in the first year of operation performance to relevant stakeholders result to demonstrates accountability, opportunities accessibility and risks, informed decision-making and improved performance management.

Adequate corporate governance contributes to the competitiveness of businesses in the first year of operation, and ensure that business strategic objectives are achieved. businesses in the first year of operation embarking on corporate governance envisaged following benefits: –added creditability, enhanced reputation, access to capital and loans on better terms, improved access to customers and market participants, better positioning to capture business opportunities, better fraud prevention due to improved controls, better continuity arrangement that permits businesses to operates under conditions of volatility, withstand and recover from acute shocks, better management of risk of conflict in business management (King IV, 2016, p. 103). In the King IV report, corporate governance enables businesses in the first year of operation to effectively evaluates business performance and pinpoint areas of improvement and achieve change efficiently. There are three corporate governance theories: agency theory, stakeholder theory and stewardship theory which contribute towards the development of the Business Bootstrapping Model.

3.7.1. Agency theory

Corporate governance according to Dennis and McConnell (2014) focuses on the mechanism that investors' assurance on businesses of attaining a return on a venture. In addition, corporate governance assists and guards investors against agents, to diminish agency costs. McIntyre, Murphy and Mitchell (2017) indicate that corporate governance mechanism drive is through non- executive directors and ownership structure or managerial ownership. According to Fama (1980), non-executive directors are regarded as a market-incite institute that definitive monitors internally set of contracts titled business and

furthermost main contribution remains towards analysing uppermost decision-makers in the business. Agency theory according to Abdullah and Valentine (2009) is a relationship amongst principals, such as executives, shareholders, and agents, the business and executives. Fama (1980) and Vance (1983) assert with Jensen and Meckling (1976) that agency theory primary monitors' available mechanism to shareholders which are a board of directors and ensure senior management convey out responsibilities in the accomplishment of business objectives. Jensen and Meckling (1976) articulate agency relationship; as a treaty whereby individual or more person or principal(s) appoints an additional person or agent towards execution services in the interest of business owners which comprises delegating certain decision-making ability to the agent. Fama and Jensen (1983) advocate that agency theory acknowledged that a significant factor in business survival is the management of agency problems. As agency problems ascend due to contracts are costly drafted and imposed. Agency costs are inclusive to costing of monitoring, bonding and structuring set of contracts between agents with contradictory interests, in addition, residual loss acquired as results of the cost of full enforcement of contracts surpasses benefits. According to Dalton and Rechner (1989), agency theory is grounded on the principle that governance structures in practice of the board potential be the monitor of execution of business functions. Shareholder securities are secured through the market for the corporate regulator and board of directors as from perception of agency theory corporate board is considered as an internal governance mechanism that protects shareholder interest. In precise, external directors which are independent and objective to the business provide adequate superiority shareholder-interest monitoring. In addition, according to Ali-brandi (1985) and Carpenter (1988) outside directors' independence to the business results in no conflict of interest, judgment is not contaminated and enhances performance benefits such as complimentary advice, guidance to top management, resources accessibility and assistance to manage alliances and ultra-critical partnerships. Baysinger and Butler (1985) indicate that non-executive directors assist with supremacy towards appointing, dismiss, reimbursement of the executive management team, assists with resolution contention of interest between decision-makers and lingering risk holders. McIntyre, Murphy and Mitchell (2017) advocate that board main objective minimise self-indulgence, defalcation, malfeasance, and added negative comportments. Demsetz (1983) urge that ownership separation from regulator builds competent management of disparate interest. Choi, Park and Yoo (2017) point out that ownership separation and management through a board of directors create an internal governance mechanism that signifies and safeguards shareholders from executives who can seek particular concerns or not execute in elite interests of shareholders. Agency theory articulates separation of control and ownership to make certain business

performance and survival in the first year of operation. Berle et al. (2014) indicate that agents play a significant role to evaluate the performance of managers' knowledge relative to the management of resources to generate a maximum possible return of investment which is significant for survival in the first year of operation. Lawler, Finegold, Benson, and Conger (2018) states that board effectiveness is subjected to three variables which are exploring opportunities and threats through analysis of external environment; guidance and constructive feedback, management directorship; and lengthening alliances, network of partnerships towards gaining invaluable understanding to enhance business performance and survival in first year of operation.

3.7.2. Stakeholder theory

"Stakeholders typically are defined as individuals, groups, and organizations that have an interest in the processes and outcomes of the firm and upon whom the firm depends on the achievement of its goals."(Freeman, 1984, p. 1). According to Freeman, Harrison and Wicks (2007), stakeholder theory is a practical, effective, efficient and ethical approach to govern businesses in an extremely conglomerate and fierce environment. Harrison, Bosse and Phillips (cited in Harrison, Freeman, and Sa de Abreu 2015) advocate stakeholder theory as governing for stakeholders which encompasses focusing on the concerns and wellbeing of stakeholders on a marginal risk. According to Freeman (1984) and Jones (1995), stakeholder theory advocates an element of analysis relationships amongst a business and groups and individuals and effective management of stakeholder relationships assists businesses in survival and competitive in entrepreneurial systems. From a stakeholder perspective, Walsh (cited in Abdelfettah, 2016) points out that businesses should understand the comportment of relationships between groups on a particular stake in the functions in a certain construct of the business. Businesses that embark on stakeholder relationships according to Abdelfettah (2016) are equipped to develop value within the business and evade moral failures. Harrison et al. (2015) indicate that groups, individuals and businesses are easily demarcated as stakeholders due to involvement in the expensive manufacturing processes of the business and inclusive to employees and managers, shareholders, customers and suppliers. In addition; Phillips (cited in Harrison et al., 2015) designates that these stakeholders could be declared as fundamental stakeholders or well-founded stakeholders. Harrison et al. (2015) state that stakeholder theory is a comprehensive approach as it emphasizes the administration of all stakeholders to be with fairness, generosity, and honesty. Abdelfettah (2016) indicates that stakeholders focus on three proportions. The first proportion centered on descriptive accuracy and articulate interaction amongst

managers, businesses, and stakeholders. The second proportion focuses on instrumental stakeholder theory, interconnected towards instrumental power, and predicts managers who want to maximize the objective function of the business, must consider stakeholder interests into account. The last proportion presents normative validity which emanates a normative sagacity of stakeholder theory that advocates what managers' responsibility. These proportion should be disseminated into two approaches, the first approach recuperate descriptive and instrumental dimension of stakeholders, defined the analytical approach of stakeholder theory. The second proportion, reorganise normative and metaphoric proportion and defined the narrative approach of stakeholder theory. Kaler (cited in Abdelfettah, 2016) advocates that stakeholder theory can be distinguished into a narrative approach and analytical approach. Narrative approach founded on the conduct of corporate social responsibility, the fiduciary principle, and the principle of corporate legitimacy. Narrative stakeholder theory involves stakeholders with the ability to influence the business are legitimate or derivatively, and ensures that the legitimacy is consequential emerges moral obligation indebted to other narrative stakeholders.

Phillips (cited in Abdelfettah, 2016) indicates that narrative approach births normative stakeholders theory and is defined as stakeholders to which the business retain an ethical obligation, as the accountability of stakeholder on equality through other social factors modestly through virtue of individuals. The theory –derivativel stakeholders correlated to groups whereby managers are essentially accountable to the roles within the business and prerogatives due to potential influence on the business and normative stakeholders. Managerial focus towards these groups is legitimate; the legitimacy is derivative from the capability to influence the business and normative stakeholders. Consideration of these groups is restricted with the capability to influence the business and regulating stakeholders. The legitimacy of derived stakeholders is built on obligations obliged to others, which does not result from obligation because of the derivative stakeholders. The second approach which is analytical is an instrumental stakeholder theory that comprises of instrumental version, stakeholders are articulated as factors assisting the business to attain objectives and enable managers to accomplish fiduciary obligations for shareholders. Jones (1995) indicates that business contracts with stakeholders on the foundation of collaboration and reciprocated trust have a competitive advantage. The basis of instrumental stakeholder theory built on the influence of stakeholder consideration on the business, and thus stakeholders should be clustered into labour; customers and shareholders. These groups function as business units whereby members share mutual meaning and opportunities of the business, which assists the business survival.

Stakeholder theory is predominantly concerned with the dissemination of financial outputs and ensures that all stakeholders are treated equally within the business.

3.7.3. Stewardship theory

Donaldson and Davis (1989) define stewardship theory as a regularizing substitute to agency theory. Executive in stewardship theory is exempted against perceived unprincipled shirker, who fundamentally desires to be a noble steward of the corporate assets. Sundaramuthy and Lewis (cited in Keay, 2017) highlight stewardship theory as co-operation and collaboration, which further provides a non-economic principle for elucidating relationships. According to Keay (2017), stewardship theory emphasizes that essentially directors act as stewards and not apprehensive about the promotion of personal economic interests as agency theory articulates. However; act in the paramount interests of the business, and direction that leads towards collectivist or business utility than self-serving benefits. Subramanian (2018) indicate that absence of egocentricity of management assist with the focus towards degree whereby directors attain adequate achievement. Therefore, the theory is dependent on magnitude towards structural situations in which directors are positioned expedites efficient action through managers. Schein (cited in Subramanian, 2018) point out that repercussion entails certain structures should be conducive on this objective towards a degree that provides strong, constant role opportunities and permit and equip senior management. Donaldson (1990) discusses certain relative to a role on directors; structures assist towards attaining superior performance, which directors exercise comprehensive authority over the business and role are definite and unchallenged. Furthermore, Donaldson (1990) and Barney (1990) advocates certain adequate achievement is accomplished eagerly whereby executive concurrently the chairperson of the board. The stewardship theory recommended certain authority and power is concerted in the management of the business. Furthermore, Subramanian (2018) indicates that stewardship theory focuses is on providing assistance and equipping framework for directors dichotomy to create adequate earnings for shareholders.

According to Keay (2017), stewardship theory positions individuals' perceptions which is inclusive to directors and are often driven through considerations of justice, fairness, and consideration on the interests of others. In addition; directors often perceived as stewards of the business activities which is trusted towards competitiveness and linked with a business objective that takes precedence over self-interest. Davis et al (1997) assert with Pastoriza and Arinio (2008) on definite stewardship theory adopts that managers and boards stewards whose conduct is allied automatically with objectives of principals.

Keay (2017) points out that stewardship theory executives remain perceived as equally loyal to the business and adhere to collectivism. Stewardship theory embraces certain businesses entails a structure which permits coordination to become attained proficiently amongst executives and shareholders. Madison (2014) indicates that stewardship behavior is influenced by psychological and situational factors. –Psychological factors such as intrinsic motivation, high identification, and personal power can steer behavioral choice to stewardship. Intrinsic motivation exists within individuals and steward managers are motivated by intangible, higher-order rewards. (Madison, 2014, p. 12 Davis et al. (1997) and Madison (2014) assert that psychological factors enable selection of stewardship to eventually have a constructive influence on business performance.

According to Madison (2014), situational factors describe the business framework and contain managing beliefs and philosophies. Davis et al. (cited in Madison, 2014) state that the theory advocates engagement-oriented, small authority distance cultures and collectivist which is influential towards a choice of stewardship behavior. Engagement-oriented management beliefs are described through a background whereby the workforces are entrusted with opportunities, obstacles, and accountability. Keay (2017) and Madison (2014) indicate stewardship is a collaborative process and perceived through some individuals as important towards a long-term board-management correlation in the business. Stewardship theory in accordance with Madison (2014) improved performance within the business as the outcome of principal reassuring a governance framework equips further influences pro-business comportment of the steward, founded on an expected humanistic model of man. Keay (2017) points out stewardship theory illustrates executives attaining a great level of identification which the business perceived as an extension lead of individuals. High identification equips stewards towards working to solve problems and achieving business goals, thus gratifying fundamental achievement and the importance of the principal. Stewardship theory structure according to Madison (2014) is characterized through less monitoring and control mechanisms. The stewardship theory advocates that a strong relationship is an institute between the competitiveness of business and the satisfaction of the principal.

3.8. Concept of intrapreneurship

This section reviews intrapreneurship theories' significance towards utilisation of existing resources which contributes towards the development of the Business Bootstrapping Model. Felício, Rodrigues and Caldeirinha (2012) define intrapreneurship as theorised vital mechanism towards accumulating, transformation in addition to leveraging assets for economic determinations. The ingenuity of

intrapreneurs is articulated as embarking on a premeditated threat, in addition, to efficiently utilise business assets aiming more earnings with an objective towards enhancement of business performance. According to Haar and White (2013), intrapreneurs start and proactively execute activities to exploit and explore opportunities for business sustainability. Jarna and Kaisu (2017) assert intrapreneurship as an entrepreneurial activity in the recognized business including drive-in reference towards significance conception for-profit and a process of integrating entrepreneurial activities towards exhilarating business competitiveness. According to Norgaard (2012), intrapreneurship re-focuses business to venture into the unexploited market towards advancing on first-mover advantage, in addition, improves market competitiveness. In accordance with Farrukh, Ying and Mansori (2016), intrapreneurship is associated with pro-activeness, risk-taking and radical product innovation which improve business development and productivity. Intrapreneurship nurtures breaking new ground and inventiveness which position business in the market place.

3.8.1. Attributes of intrapreneurship

Bratnicka and Bratnicki (2013) point out intrapreneurship characteristics as part of intrapreneurial activities which instigated through intrapreneurs and according to Douglas and Fitzsimmons 2013, characteristics of intrapreneurship and entrepreneurship are comparable relative to cognitive styles and risk attitudes. Joanna North (2015) articulates intrapreneurs' characteristics similar to self-perception, personality traits, and perception of innovation climate directly correlated towards business competitiveness especially in the first year of operation. In addition, locus of planning, environmental scanning, planning flexibility, locust of control and planning horizon according to Brizek (2017) are intrapreneurs' attributes and provide assistance to business owners with adequacy towards forecasting and directive on a business venture. Burns (2007) specify intrapreneur's attributes as influential towards business competitiveness in the first year of operation due to correlation with risk-taking, creativity and innovation, and reactivity. -Risk-taking is the willingness to commit own or borrowed resources to a venture or project without having an assurance of making a profit. (Otahe and Mahmood, 2015, p. 3). Risk-taking is embodied in intrapreneurial activity according to Farrukh et al (2016) an interconnection that births new ventures, new businesses, and opportunities. According to Chin- Chun Hsu, Keah Choon Tan, Jayanth Jayaram and Tritos Laosirihongthong (2014), aspects of innovation and creativity in entrepreneurship and core capabilities for business to adapt towards high turbulence in the business environment. Intrapreneurs induces innovative intrapreneurial oriented businesses to engage in product-market innovation, embark upon risky ventures, and determinant to gain a competitive edge in the first

year of operation. In accordance with Annamaria Di Fabio (2016), intrapreneurs' dedicated performance is the previously achievement reserved relative towards imminent challenges and is a prerequisite proficiency intrapreneurs require to appropriate demands in a current business environment. The prominence of intrapreneurship's characteristics in business assists in enlightening the individual traits of employees within the business.

3.8.2. Importance of intrapreneurship

As reported in the Global Entrepreneurship Monitor's report (2013) intrapreneurship plays a significant role as a survival factor determinant on businesses in the first year of operation due to amelioration of new products in addition to technological advancement. In accordance with Musoke (2016), intrapreneurship is an important mechanism especially to a business that experiences fierce competitive pressure through strengthening business competencies and innovative competences, to attain competitive advantage particularly in the first year of operation. Kocjancic and Bojnec (2013) point out that intrapreneurship contributing is highly towards business efficiency in implementing required activities through innovation and creativity and obtaining opportunities and sustainability. Norgaard (2012) points out that the significance of intrapreneurship is demonstrated in the capability of individuals or alliances to attain business objectives in a focused field on the development of new inventive product and service which preeminent customer prerequisite. Di Fabio (2016) asserts that intrapreneurship serves as technology management which forms part of structure block and integrates the business system which is a competitive aggression tool.

3.8.3. Intrapreneurship on business performance

Real, Roldan and Leal (2014) indicate that business achievement is measured as a diverse structure that concealments financial and non-financial processes and a drive towards growth, competitiveness, survival and business sustainability. Halme, Lindeman and Linna (2012) indicate intrapreneurship construct and develop utilisation of available resources to improve business performance. According to Jyoti Baruah (2015), business through intrapreneurship activities is profitable, innovative and contributory determinants towards business performance especially in the first year of operation. Intrapreneurship plays a significant role in product re- formulations or extensions, cost-cutting or process re-engineering, in quest of unexploited markets, new applications of current products or services and new ventures through inventive and premeditated risk-taking to improve business performance. Furthermore, intrapreneurship activities are influential in a resolution of challenges business encounters such as

improvement of old and new products and services, markets and managerial techniques and technologies relative to business activities with expectancy for improving business performance. In accordance with Rainer Harms (2013), intrapreneurship in business is articulated as coordinator of activities that extends beyond business functions and mediators on human capital, brand strength, organisational learning, supplier relations, customer capital, creation processes, social capital, and organisational commitment. Furthermore Holmes, Zahra, Hoskisson, DeGhetto and Sutton (2016) asserts that intrapreneurship activities are contributory factor towards strategies that expand business systems and policies that manage operations such as first-mover advantage, process development, process optimisation, process innovation, market demand creation, technology enhancement, and capitalisation and competitive advantage locking, which is influential on returns investment of stakeholders or shareholders. Based on the evidence above, intrapreneurship is a contributory factor towards utilisation of internal resources for survival in the first year of operation.

3.9. Business Bootstrapping Model

Two existing business models which are Financial Bootstrapping and Balance Score Card identified in preceding sections are used as a framework in the development of the Business Bootstrapping Model. Pecking theory and RDT stipulated the significance of utilisation of internal resources during business start-up. Financial bootstrapping is used as a foundation with supplemented theories such as Pecking theory and RDT to develop innovative strategies through internal resources to business owners in the first year of operation without personal savings during business start-up. Furthermore, to transform businesses in the first year of operation from being a survivalist and no evidence of growth in the first year of operation to become a high- performance business, Balance Score Card and corporate governance are tailored in accordance with business characteristics to enhance competitiveness. The Business Bootstrapping Model is formulated from three components: financial, marketing and business governance in the first year. The three components are highly interdependent on each other.

3.9.1.Financial

Old mutual (2017) indicates that there a 0.20 percent in the fourth quarter of 2017, is evidence that the majority of consumers have little and/or no personal savings due to failure to adapt to unforeseen expenses which depletes personal savings and exhausts available credit lines. Report of Small Enterprise Development Agency (2017) stipulates that the majority of business owners in the first year of operation occupied elementary occupation which is below the income of R40 000 of consumers/ business owners

which are expected to have personal savings. Therefore results in the majority of business owners in the first year of operation occupying elementary occupation and/or prospective business owners in the first year of operation struggles to embark on an owned financed method of Financial Bootstrapping Model. The main objective of the Financial Bootstrapping Model is to eradicate financial constraints businesses faces in the first year of operation through utilisation on internal financial resources. Due to low domestic/household savings in South Africa, Financial Bootstrapping Model excludes businesses in the first year of operation without any personal savings. According to Myers (1984) and Zwane and Nyide (2017), financial resources are identified as critical resources to generate sales and growth for both businesses that are less than one year and businesses that are two years, however; not older than five years. Businesses that are less than five years of majority are in a rapid growth stage and are sales and profit-driven. The financial component of the Business Bootstrapping Model enables businesses in the first year of operation to embark on a business venture without any financial savings through strategic alliances on short-term contractual agreements. The strategic alliances can be either local and/or international businesses.

The local business strategic alliances are to conduct a market analysis through identifying Key Success Factors (KSF) of the industry and business competitive competencies. The initial step is business owners in the first year of operation to identify the distinctive competencies of the business. Distinctive competencies identified enables owners in the first year of operation to interpret competitive strength assessments for the business. The second step is to identify KSF of the industry business operates to challenges the value chain of potential alliances of micro to small and/or medium to large businesses for strategic alliances in the value chain network to emerge. Business owners in the first year of operation will be enlightened to which identify potential alliance and the analysis will equip business owners to envisaged adequate profit before embarking on contractual agreements negotiations. The deficiencies in the value chain network of potential alliances can range from providing services to penetrate the niche market of the alliance towards providing value-added services through distinctive competencies of business in the first year of operation.

A niche market can identify emerged alliance challenges to acquire the market because of alliance capabilities, geographical areas, and demographics. Value-added services through collaborative practices on business owners' in the first year of operation, distinctive competencies to be complemented with

alliance business capabilities. The international businesses are to identify niche markets in South Africa and conduct an analysis in step one and embark on a strategic alliance with international businesses. Business owners in the first year of operation to embark on the financial component of the Business Bootstrapping Model will begin towards acquiring cash inflow and retained earnings. The cash inflow is the development of adequate financial records which is a significant requirement for accessibility of capital from financial institutions and/or investors on business growth. The retained earnings which are acquired through cash inflow enables businesses in the first year of operation to adapt to future shock and business environment changes. Therefore businesses will be positioned to acquire required capital for business growth and sustainability. The negotiation skills will play a significant role for business owners in the first year of operation to negotiate an adequate percentage of the interest in acquired capital with financial institutions and/or investors.

3.9.2. Marketing

Kaplan and Norton (1996) point out that for a business to derive growth and profitability is through customer retention and satisfaction, customer acquisition, market and target share in target markets. Kalane (2015) indicates that the survival, growth, and success of businesses especially in the first year of operation are co-dependent on marketing. Kangasmäki (2015) and Njoroge (2015) states that the marketing and survival of businesses in the first year of operation have substantial interrelationships, however, due to scarcity of financial resources and marketing skills deficiency results in a major challenge for businesses to survive in the first year of operation. The marketing component in Business Bootstrapping Model which aimed to equipped business owners with marketing skills in the first year of operation to market, brand positioning product and/or services. Business owners in the first year of operation can generate sales either through product and/or value-added services. The initial step is to conduct a market analysis whereby identifying market demand for the product and/or value-added services to be marketed. Social media free pages, consumer complaints websites and product blogs can be used as a vehicle to analyse consumer markets, identify marketing opportunities and identification of the niche market.

This platform will enable identify different competitive forces, customer purchasing decisions, post-purchase behaviour, and customers to be engaged with the brand; furthermore will enable segmentation of the target market. In the second step businesses in the first year of operation can create free pages on social media such as Facebook, Twitter, and Instagram. The free social media pages, consumer complaints websites and product blogs will enable direct and interactive marketing with potential

customers and crafting of brand positioning. Brand positioning can be achieved through replying to comments and/or providing recommendations on product and value-added services with begrudged customers on consumer complaints websites and product blogs. Furthermore, brand positioning can be expanded globally through the first two steps on value-added services whereby identifying countries that have high costs of distinctive competencies of businesses. The marketing component of the Business Bootstrapping Model will enable businesses in the first year operation to be a customer-centered business. The customer-centered business will be of significance to the development of brand and customer equity. Brand and customer equity will be achieved through recommendations on social media pages, consumer complaints websites and product blogs. The utilisation of social media pages, consumer complaints websites and product blogs as multichannel marketing will enable businesses in the first year of operation to determine industry price margins; and as a platform to identify potential alliances. The alliances will expose businesses in the first year of operation to a super segment as the vast majority of micro businesses operates as a market specialization and further enables micro businesses to engage jointed practices such as joined marketing. Subsequently, multichannel marketing will create brand awareness whereby targeted customers are exposed to the brand. Business owners in the first year of operation will be able to evaluate customers' brand attitude and positioning the brand to increase sales. Furthermore, such a customer-centered marketing component will cultivate customer relationships.

3.9.3. Business governance in the first year

According to Canton et al. (2012), inadequate financial records and lack of credit history are hindrances accessibility of capital because lenders require such records envisaged financial forecast of the business. According to King IV, good corporate governance has the potential to unravel opportunities for businesses in the first year of operation to ensure the accessibility of capital and development of relationships with customers. The marketing component of the model assists the business in practice principles that are applicable to the first year of business which is the relationship with stakeholders. The majority of businesses in the first year of operation are a sole proprietorship and are often shareholders and managers. Therefore the development of the board of directors becomes irrelevant in the first year of operations. However, other relationships of stakeholders such as customer relationships can be of significance to measure the performance of the business. The customer relationship can be a component to be used to evaluate changes in customers' brand attitudes through multichannel marketing.

Business governance components will enable business owners towards transparency, equity,

responsibility and accountability which is significant for survival in the first year of operation. Businesses in the first year of operation, in South Africa to embark on corporate governance principle have to adhere to the technique associated with governance which is board composition. The board composition should be congruent with agency theory and stewardship theory. The boards' members grounded on both agency theory and stewardship theory will enable the maximum potential return of investment which is of importance for survival in the first year of operation. The business governance component will assist businesses in the first year of operation to attain a competitive advantage due to complementary skills from board members to identify and assess opportunities for the business. In addition, it assists with informed decision-making processes that are significant towards survival for the business in the first year of operation, in South Africa. This component will assist with improving management systems, internal processes and controls and transparency which contribute towards the survival of businesses in the first year of operation, in South Africa.

3.10. Business bootstrapping detailed design

This study and illustrated in Figure 3.2 below represent variables that influence the competitiveness of businesses in the first year of operation. In accordance with an academic framework derived from secondary literature sources. The proposed study pursues to explore the relationship between current challenges and competitiveness of businesses in the first year of operation.

Figure 3.2: Proposed model for Business Bootstrapping Model

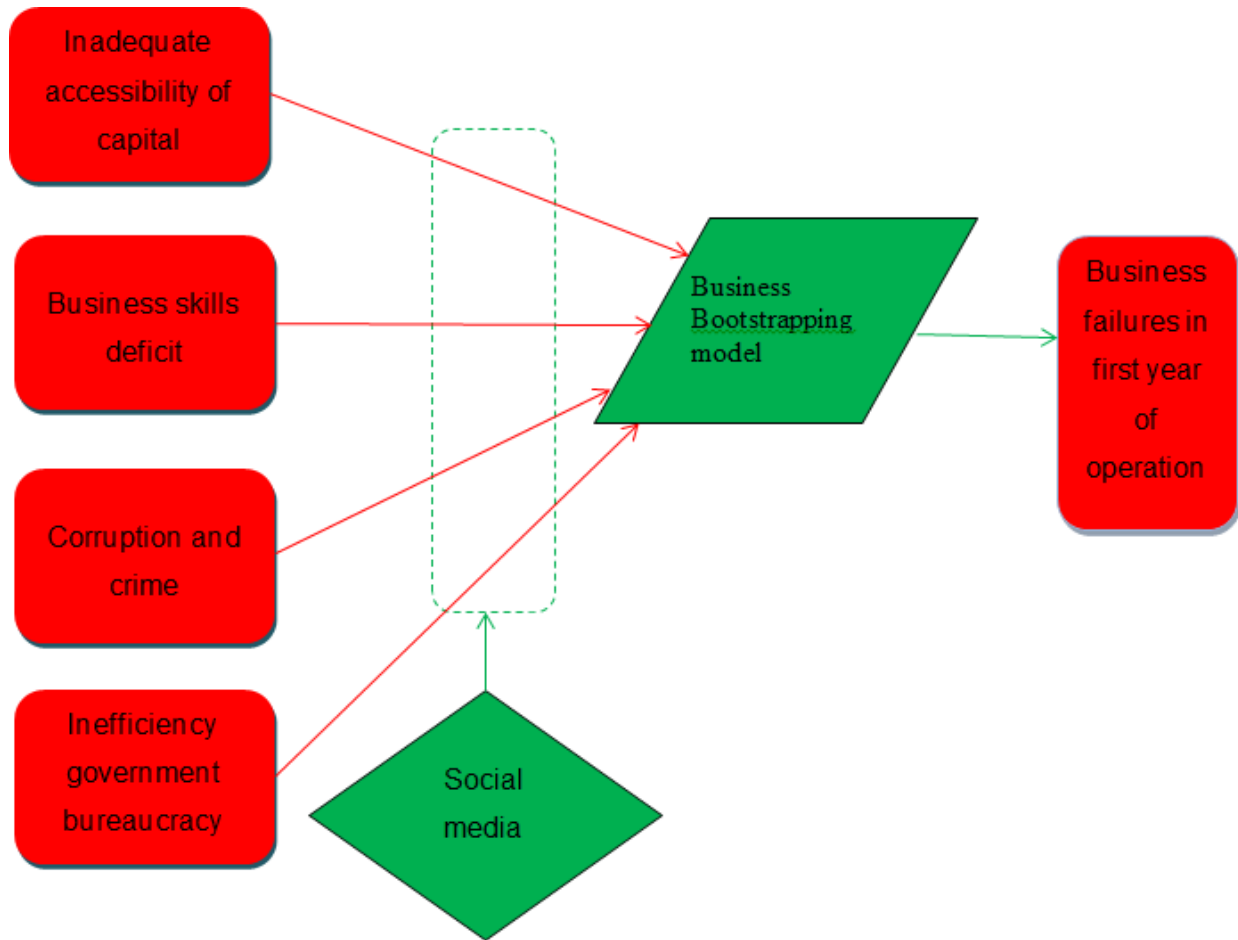


Figure 3.2: Proposed model for Business Bootstrapping Model
 Source: Researcher (2019)

Extant literature in the previous chapter highlighted the relationship between current business challenges and influence towards survival in the first year of operation. Based on presented literature review, the following proposed Business Bootstrapping Model in Figure 3.2 illustrate the cause-effect relationship between current challenges and a high failure rate of businesses in the first year of operation. Literature unraveled businesses in the first year of operation, in South Africa as uncompetitive and fails to maximise business profit due to financial, liquidity and credit constraints. These constraints are detrimental to the survival of businesses in the first year of operation. In addition, the constraints are interspersed with inadequacy on the management of scarcity of financial resources, challenges on a business position in the marketplace and utilisation of limited existing internal resources. The current challenges led to the high failure rate of businesses in the first year of operation. Findings from literature illustrated in Figure 3.2 presented inadequate accessibility of capital, business skills deficit and corruption and crime and

inefficiency government bureaucracy as influential factors towards uncompetitive and high failure rate of businesses in the first year of operation.

Inadequacy of accessibility of capital created financial, liquidity and credit constraints which are liabilities and contributing factors towards the high failure of businesses in the first year of operation. In addition, current challenges businesses in the first year of operation encounters struggle to respond adequately with limited resources as a result of a deficiency of business skills. Sequences of business skills gaps cripple business survival in the first year of operation. The government which aimed to address such challenges is associated with too much red tape, corruption, and crime which is detrimental for business in the first year of operation operating in fierce competition pressure. Social media is used in the proposed Business Model to moderates the effects of current business challenges and high failure rate in the first year of operation. The moderator will aim to equip business owners in the first year of operation with identified influential business skills towards survival in the first year of operation. In addition, identified influential business skills will eradicate the high failure rate of businesses in the first year of operation.

3.11. Summary

Financial, liquidity, credit constraints and deficiency in business skills crippled the survival of businesses in the first year of operation, in South Africa. Furthermore, information asymmetry and inadequate accessibility of capital resulted in negatively influential to the survival of businesses in the first year of operation, in South Africa. Financial Bootstrapping Model which focuses on capital efficiency than compensating for lack of internal resources excludes businesses in the first year of operation without any personal savings. Businesses in the first year of operation struggle to implement BSC due to scarcity of financial resources and deficiency of business skills. Two existing business models which are Financial Bootstrapping and Balance Score Card identified are used as a framework in the development of the Business Bootstrapping Model. Financial Bootstrapping is used as a foundation with supplemented theories such as the Pecking theory and RDT. To transform businesses in the first year of operation from being asurvivalist and no evidence of growth in the first year of operation to become a high-performance business, the Balance Score Card is incorporated with corporate governance to enhance competitiveness on businesses in the first year of operation. The Business Bootstrapping Model is formulated from three components: financial, marketing and business governance in the first year of

operation.

The next chapter focuses on the comprehensive research methodology used for the study. All elements of the methodology are discussed including subheadings such as research philosophy, research design, population size, sampling strategy, data collection, and data analysis.

CHAPTER FOUR: RESEARCH METHODOLOGY

4.1. Introduction

The previous chapters reviewed the literature regarding business challenges and deficiency of business skills that pose a threat to the survival of businesses in the first year of operation, in South Africa. Furthermore, research gaps in the existing business models such as Financial Bootstrapping and Balance Score Card model were identified. The study focused on the development of a business model that equips business owners in the first year of operation that were without and/or less equipped with business skills and scarcity of financial resources. Quantitative research designed in the study emerged from the results of the research phase that pursued to explore variables that contributed towards the failure of businesses in the first year of operation. In addition to exploring variables that were significant to the survival of businesses in the first year of operation and how business skills influenced the performance of businesses in the first year of operation and lastly strength and direction of the relationship between deficiency of business skills and competitiveness of businesses in the first year of operation. As stipulated in chapter one, the study aimed to address two research questions: What are contributory forces contributing to the failure of businesses in the first year? Which business skills are significant towards the survival of businesses in the first year?

In terms of research design, to address research questions, a mixed research approach was selected for the study. The phenomenological (qualitative) and positivist (quantitative) pragmatism approach was adopted with a determination of attaining an in-depth understanding of the strength and direction of a relationship between a business skills deficit and competitiveness of businesses in first year and development of Business Bootstrapping Model. Figure 4.1 below maps out the research approach, design, and process that are undertaken for this study.

Figure 4.1: Research map for the study

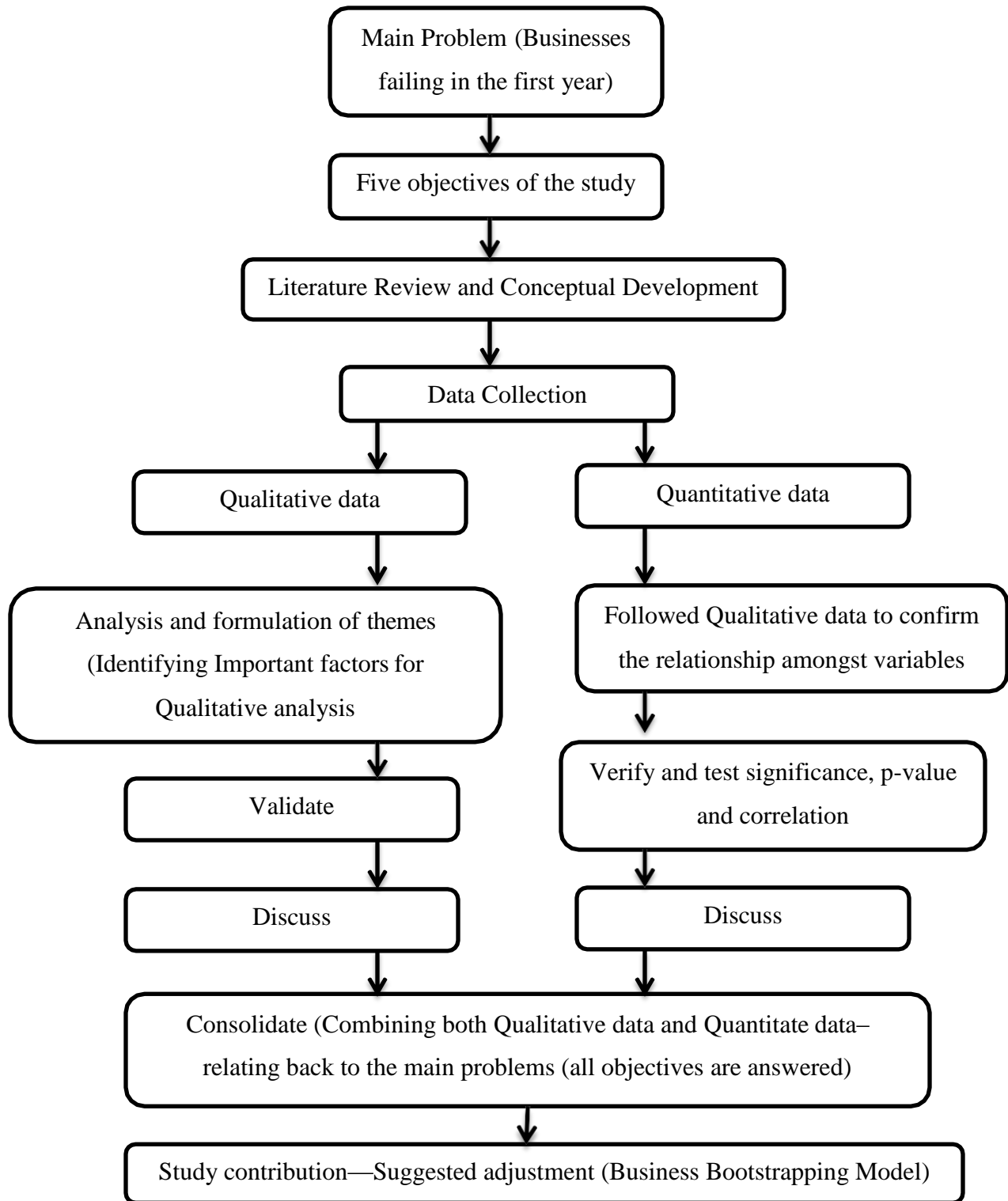


Figure 4.1: Research map for the study

Source: Researcher (2019)

The first section focuses on the research philosophy of the study which is intertwined with challenges business in the first year of operation experiences. The second section provides a research design for the study. Furthermore, the section interlinks research objectives to research design, through providing rationale on the methodology the study implemented. In the third section, a discussion on sampling strategies is presented. The section is followed with collection instruments of both qualitative and quantitative data in the fourth section. In addition, the section articulates issues related to bias in the study. The next section which is the fifth section pre-tests research instruments to eradicate any envisaged challenges to participants' completion of the questions. A concurrent analytical technique used to analyse both qualitative and quantitative data is discussed in section six and articulates on study contribution. In addition, the section is followed with section seven which unravels validity and reliability related issues which further followed with the final section that focuses on ethical issues.

4.2. Research philosophy

According to Saunders et al. (2016), research philosophy is defined as the perception of a researcher of the world. Research philosophy gives an overview of how the research process can be biased through researcher perception. There are four research philosophies according to Sekaran and Bougie (2016) which are: positivism, constructionism, critical realism, and pragmatism. Saunders et al. (2016) highlight positivism as centered on the collection of data subjected to perceptible reality and reconnoiters regularities and the relation between data towards developing law-like-generalizations. The positivist method is connected with a structured methodology to stimulate duplications and research is undertaken in a value-free way. Positivism can be implemented when conducting hypothesis testing and in-depth interviews. Positivism philosophy is frequently used in natural science and a critical and objective base method. The approach is inclusive to various philosophies of natural science such as philosophy of unchangeable, universal law and view of everything that happens in nature. Sekaran and Bougie (2016) define constructionism philosophy as aiming to comprehend individuals' rules relative to making sense of the world through exploring what transpired in people's minds. Constructionism focuses on the process individuals use towards constructing knowledge and investigate the explanation individuals articulate issues and topics and process on accessing these explanations. Constructionists are predominantly interested in individuals' perspectives of the world which emerges from interactions with other individuals and the context in which transported. In addition, constructionists mostly focus on understanding a particular case relative to the generalisation of findings. Critical realism is a permutation

of the belief in an outward reality or an independent truth with the denunciation of the prerogative that the external reality could be objectively tested and observations should be subjected to interpretation. Critical realist thus of the ability to comprehend the world with certainty and researchers are inherently biased. In addition; critical realist perceives that the goal of the research is subjected towards progress even though is impossible to attain the goal. “Pragmatic describes research as a process where concepts and meaning (theory) are generalisations of our past actions and experiences and of interactions we have has with our environment.” (Sekaran and Bougie, 2016, p. 29). According to Sekaran and Bougie (2016), the pragmatic main focus is on practical, applied research where different perspectives on research and topic under study are useful to unravel business problems. Pragmatism articulates research as a method where conceptions and theories are overviews of previous actions and experiences and relations with the environment. According to Johnson & Onwuegbuzie (cited in Shannon-Baker 2016), pragmatism is result aligned oriented and attentive in defining the meaning of effects or aiming at the development of research and is categorized through importance on communication and collective meaning in order to craft practical results to social difficulties. Sekaran and Bougie (2016) assert that pragmatism views recent truth as tentative and fluctuates over time, and emphasizes the relationship between theory and practice. Shannon-Baker (2016) asserts that pragmatism is constructed on perspectives that philosophies can be contextual and generalizable through analysing for transferability to different conditions. The transferability plays a significant role enabling researchers to explore elements that influence whether knowledge attained is transferrable to other settings. Pragmatism proposes numerous methods to link dichotomies that resonate in mixed methods approaches and eradicates hierarchies amongst positivist and constructivist approaches in order to focus on what is significant from both approaches. The linkage amid theory and data, pragmatism through abduction, interchanges back and forward among induction and deduction.

Pragmatism was a research philosophy used in the study to focuses on attains an in-depth understanding of different challenges business experiences in the first year of operation. The philosophy governed kinds of research questions that are significant towards the study and approaches for collecting and analysing data. Pragmatism philosophy enabled the study to have both perspectives such as positivism whereby empirical studies unraveled challenges that are detrimental towards businesses in the first year of operation and constructivism through primary data explored skills businesses perceived are significant to survival in the first year of operation. Additionally, pragmatism played a substantial role in the

acquisition of a clear understanding of empirical findings which was an input towards the practical development of the Business Bootstrapping Model to eradicate the high failure rate of businesses in the first year of operation. As shown in Table 4.1, practical solutions on businesses were developed through the complementarity approach.

Table 4.1: Research questions and research methods crafted in the study

RESEARCH QUESTIONS	RESEARCH METHOD	DATA COLLECTION METHOD
What are contributory forces contributing to the failure of businesses in the first year?	Qualitative	In-depth interviews
Which business skills are significant towards the survival of businesses in the first year?	Qualitative	In-depth interviews
How influential business skills on the survival of businesses in the first year?	Qualitative and quantitative	In-depth interviews and survey
How related are business skills relative to the performance of businesses in the first year?	Qualitative and quantitative	In-depth interviews and survey

Table 4.1: Research questions and research methods crafted in the study

Source: Researcher (2019)

The complementarity approach was used as a complementary to the advantages and disadvantages of qualitative and quantitative approaches.

4.3. Research design

According to Blumberg, Cooper and Schindler (2014), a research design is an activity, time- based plan, based on research questions and a framework to specify relationships on variables under study. “Research design is concerned with an overall plan for the research; tactics are about finer details of data collection and analysis. Decisions about tactics will involve being clear about different quantitative and qualitative data collection techniques.” (Saunders et al., 2016, p. 161). Bryman (2014) stipulates that there are three types of research designs which are: quantitative research, qualitative research, and mixed-

methods research. According to Fallon (2016), quantitative research examines three categories of research questions which are: basic, applied or translational. Basic research contains crafting knowledge to enables understanding of the fundamental methods and instruments that are essentially not applicable to real-world problems. Applied research questions address definite, real-world problems and translational links gaps amongst basic and applied through the use of knowledge from basic research to craft and examine solutions to real-world problems. Bryman (2014) articulates quantitative research design as a collection of numerical data; develops an analysis of the linkage among theory and research through deductive and preference for a natural science approach. Myers (2013) points out quantitative research design as a design that was at the beginning developed to study natural phenomena in natural sciences. The numerical data signifies values and theoretical level concepts and constructs and analysis of the numbers is interpreted as solid scientific evidence of the application of a phenomenon. Bryman (2014) indicates that qualitative is linked with the inductive approach whereby a theoretical view is developed through naturalistic and prominent research design. Myers (2013) articulates qualitative research methods to assists researchers to study social and cultural phenomena and is frequently a recording of informants' responses to a particular topic. A qualitative research method broadens the context of the study through an in- depth understanding of people's motives and behaviours. There are five qualitative research designs which are: action research, case study research, ethnographic research, grounded theory, and narrative inquiry.

Action research assists researchers in purposefully intervene to simultaneously study the influence of the intervention. Action research firstly focuses on collaborative analysis on social condition and themes of the research and later collaborate changes, and introduced changes and effects are studied. Action research according to Myers (2013) is a two-stage process. The first phase is a diagnostic stage that focuses is on collaborative analysis of the social condition of a researcher and the subject of the research. The second phase is the therapeutic stage which comprises collaborative changes. In addition, these stage deviations are introduced and effects are studied. Action research assists in ensuring that business research is practically relevant and further assists in improving the impact and reputation of business research within the business community. However, a disadvantage of action research is the difficulty of concurrently conducting action with research and the predisposition for action researchers to overstate the significance of involvement in the business and contribution to academic research. A Case study research according to Myers (2013) immensely helpful in assisting researchers with fully understanding the theory

and principles that are applicable to business. In addition, Saunders et al. (2016) indicate that a case study reconnoiters research topic or occurrence within the context or within the numeral of real-life contexts. Case study often illustrates critical case or alternatively, an extreme or unique case. "Research case studies can be used in the exploratory phase of a research topic to discover the relevant features, factors or issues that might apply in other similar situations. " Myers, 2013, p. 75). According to Myers (2013), a case study research design is often used to assists in building new theory and quantitative research for theory testing. Case study research is articulated as a face validity based on empirical research in business signifies a genuine story that a majority of researchers can relate. In addition; enables researchers to reconnoiter or explore theories within the context of existing problems. A disadvantage of case study research is the difficulty in obtaining accessibility for a specific business which is the target population for the study. In addition, the second disadvantage is the lack of control over any changes in the situation. Ethnographic research observes participants' behaviour which provides researchers with in-depth insights into social, organisational aspects of business organisations and the opportunity to have a broader understanding of the context in which participants work.

Ethnographic research according to Sekaran and Bougie (2016), includes immersion in specific culture of a social group that is under study, detecting behaviour, listening to what is said in the conversations and probing questions. Cunliffe (cited in Saunders et al., 2016) indicates that there are three ethnographic strategies which are realist ethnography, impressionist ethnography or interpretive ethnography and critical ethnography. Realist ethnography emphasizes on objectivity, factual reporting and identifying true meaning. In contrast impressionist ethnography or interpretive ethnography focuses on subjective impression relative to objectivity. Critical ethnography has a radical purpose, intended to explore and illuminate the impact of power, privilege, and authority on those who are subjected to these influences. Ethnography valuable aspects are assists researchers to attain an in-depth understanding of people, business and the broader context of the problem. In addition, plays a significant role in providing information that is vital to challenges any assumptions that have probably emerged. A disadvantage of ethnography is the long duration research and does not comprise of adequate breath in comparison towards the survey. The grounded theory according to Myers (2013) focuses on the development of a theory that is grounded in data gathered schematically and analysed. Saunders et al. (2016) point out that grounded theory as a methodological approach, method of investigation and outcome of a research process. Grounded theory emphasizes on concepts and theory are hypothetical to emerge from data.

Grounded theory is predominantly useful for studying consistent and repeated procedures. Grounded theory assists with a systematic, comprehensive analysis of the data and provides processes for implementations. –A narrative is a story; a personal account which interprets an event or sequence of events. (Saunders et al., 2016, p. 187). According to Saunders et al. (2016), narrative inquiry, a participant is the narrator including a researcher implementing a character of a listener expediting the process of narration. Narrative inquiry, therefore, pursues to sphere chronological connections and sequencing of events as articulated through participants towards enriching understanding and aid analysis. Narrative inquiry assists with analysis of linkages, relationships and socially created explanations that transpire certainly within narrative accounts in order to comprehend the complexity of processes that individuals use to make sense of business realities. The third research design which is mixed-method according to Merten (cited in Bazeley 2018) is defined as kaleidoscopic with outwardly volatile patterns of possibilities on diversity and possibility which ignite prospects with new perceptions that leads to better insights and understanding on the study. Wilson (2014) indicates that mixed-methods design is a combination of quantitative and qualitative design into a single research design; and DeCuir-Gunby and Schutz (2017) indicates that mixed method is subdivided into five: explanatory sequential design, exploratory sequential design, convergent parallel design, embedded design, and multiphase design.

Bazeley (2018) indicates that explanatory sequential design is a sequential design whereby a collection of quantitative data and analysis is pursued with a qualitative element that succors to the interpretation of quantitative outcomes. An explanatory sequential design is a two-phase research design whereby quantitative data are initially collected and are used towards identifying qualitative data to be collected. Both collected quantitative and qualitative data are analysed, the findings are integrated and interpreted. In addition; qualitative data serve to elucidate quantitative data. Quantitative data help to inform what is done in the qualitative data. According to DeCuir-Gunby and Schutz (2017), an exploratory sequential design which is a sequential two- phase design and opposite of explanatory sequential design, the design firstly allows qualitative data to be collected and outcome of the first phase is used to additional expand for development of studies through a collection of quantitative data. Bazeley (2018) indicates that a collection of quantitative data is exploring themes that emerged from qualitative data. In addition, qualitative data assists to craft what is done in the quantitative component. The convergent parallel design which is also known as triangulation or concurrent mixed methods design according to DeCuir- Gunby

and Schutz (2017), allows data to be collected concurrently, however; the data is analysed separately. The design is mostly used on an approach whereby a collection of quantitative and qualitative data uses one instrument. Bazeley (2018) indicates that collected data are analysed separately and integrated thereafter. Convergent parallel design enables triangulate findings of the study. According to DeCuir-Gunby and Schutz (2017), embedded design which is interlinked with experimental and quasi-experimental designs permits the collection of both quantitative and qualitative data through a traditional approach. The multiphase design allows quantitative and qualitative data to be collected and analysed in sequence and/or concurrently through a recursive approach over multiple phases and is primarily used in development and evaluation programs.

Mixed method design was used to develop the Business Bootstrapping Model and allurements on the strengths of both qualitative and quantitative research. Furthermore, the study used a convergent parallel design to largely explore and comprehend the in-depth understanding of challenges that negatively impacts the competitiveness of businesses in the first year of operation. The research was framed through four research questions stipulated in Table 4.1. The design comprised of two phases: qualitative and quantitative. The business challenges reviewed in chapter two were used as a framework in identifying primary problems that are stumbling block to the survival of businesses in the first year of operation. Chapter two was used in diagnosing factors that negatively influential towards the survival of businesses in the first year of operation which was the inaccessibility of capital and deficiency of business skills. Inaccessibility of capital and deficiency of business skills in conjunction with reviewing financial bootstrapping and BSC was used as a framework in developing Business Bootstrapping Model. Business Bootstrapping Model was rooted in an identified gap in chapter three which was incorporated with primary findings in chapter six. The quantitative design was used to explore interesting or contradictory patterns in relation relative to empirical research.

4.4. Target population

According to Sekaran and Bougie (2016), the population is described as a distinct collection group of people or objects with similar characteristics. Saunders et al. (2016) point out collecting and analysing data entirely from a population is named census and data collection through census time intense and costly from the target population. Sekaran and Bougie (2016) articulate further that the targeted population is well-defined in relation to elements, geographical boundaries, time and costs. Targeted

population size was businesses that are registered with CIPC in South Africa in the first quarter of 2016 and not older than one year. The report of Small Enterprise Development Agency (2017) is reported that businesses that are registered with CIPC across the country in the first quarter of 2016 and not older than one year were 381668 which was used as targeted population size.

4.4.1. Sampling strategy

According to Saunders et al. (2016), the sample frame is derived from elements defined in the targeted population. –Sampling is the process of selecting a sufficient number of right elements from the population so that a study of the sample and an understanding of the properties or characteristics make it possible to generalise such properties or characteristics to the population elements. (Sekaran and Bougie, 2016, p. 244). According to Sekaran and Bougie (2016), precision and confidence have a significant role in sample size to eradicate possible errors and ensure an accurate reflection of the population. Saunders et al. (2016) define precision as closeness to estimation towards true population characteristic and a function that range variability in the sampling distribution of the sample means. According to Sekaran and Bougie (2016), precision focuses on estimating the population parameter to ensure it is within a range based on the sample estimation. Confidence signifies how certain estimation certainly holds true for the population. Cooper and Schindler (2012) and Sekaran and Bougie (2016) both state quantitative and qualitative sampling design is subdivided into two: probability and non- probability. According to Cooper and Schindler (2012), probability sampling is based on the concept of random selection and the sampled population in every occasion is known and is equal on every occasion. Whereas non-probability sampling is defined as a probability of each event selected from the population is unknown.

4.4.1.1. Probability sampling

Sekaran and Bougie (2016) define probability sampling design as elements in the population comprising of a known, nonzero chance of selection as subjects in the sample. Probability sampling design can be either into unrestricted (simple random sampling) or restricted (complex probability sampling which comprises systematic sampling, stratified sampling, cluster sampling, and double sampling). According to Sekaran and Bougie (2016), Simple random sampling is definite that each sampled population identified has a common chance of being selected. Simple random sampling according to Saunders et al. (2016) is effective on accurate and definitely accessible sampling frames that incline the entire population. In addition, has the minimum bias and compromises the most generalizability. As an alternative to simple random sampling design, Sekaran and Bougie (2016) indicate that restricted complex probability focuses

on efficiency where in-depth information is obtained for a given sample size. Unsystematic selection of sampled population at the start of sampling and consequent skip interval selection each definite number of samples is called Systematic sampling. According to Saunders et al. (2016), systematic sampling is focused on geographically dispersed cases where there is personal contact during the collection of data. Stratified sampling according to Sekaran and Bougie (2016) is whereby the most population is divided into identical sub-populations and methods where samples are restricted to take account of a sample from sub-population. According to Bryman (2014), stratified sampling ensures homogeneity within each stratum and provides in-depth information on the given sample size. Cluster sampling is related to simple random sampling; however, cluster sampling separate sampled population into clusters where some groups are selected randomly for the study. Sekaran and Bougie (2016) point out cluster sampling as comprises of population division into convenient clusters, randomly selection required number of clusters as sample themes and exploring entirely the elements in each of the randomly selected clusters. Double sampling is a collection of preliminary information which is a subsample of the primary sample to examine the problem in detail. Probability through simple random was used for the qualitative phase to sample a population towards eliminating bias. The simple random sampling was conducted through Excel Quantitative Management (QM) computer software. Simple random sampling provided each participant participating in the study an equal and known chance for selection.

4.4.1.2. Non-probability sampling

According to Sekaran and Bougie (2016), non-probability sampling provides a series of alternative techniques to select samples and preponderance is inclusive to an element of subjective judgment and findings of the sample are not confidently generalized. Non-probability sampling consists of five techniques which are: quota, purposive, snowball, self-selection, and convenience. Quota sampling is a non-random sampling and commonly used on interview surveys and is mostly for large populations. According to Cooper and Schindler (2012), quota sampling is considered a method of proportionate stratified sampling which predetermined the percentage of participants sampled from different groups on a convenience base. Purposive or judgemental assists participants to make a choice centered on a subjective judgment that contributes to meet objectives. According to Sekaran and Bougie (2016), purposive sampling focuses on small samples such as case study research and for selection of cases that are particularly informative. Difficulty in grouping participants on a targeted population is defined as snowball sampling or volunteer sampling. Self-selection sampling assists participants with flexibility in

partaking in research. Convenience sampling or haphazard sampling focuses on participants that are simply reachable for example interviewing a participant in the street. According to Cooper and Schindler (2012), convenience sampling or haphazard sampling focuses on the exploratory phase of research and simpler technique to accomplish basic information efficiently and more rapid. Convenience sampling (or haphazard sampling) was used to select participants for the quantitative phase of the study which first ten businesses from the qualitative phase agreed to participants.

4.5. Research instruments

Sekaran and Bougie (2016) define the research instrument as a method of data collection to obtain empirical data required to answer research questions. Blumberg et al. (2014) describe the research instrument as acquired in three different dimensions. The first dimension is the collection of data for a current study or the use of secondary data. The second dimension describes the kind of data being collected. The third dimension describes the data collection method and differentiates the difference between communication and observation approach. Sekaran and Bougie (2016) delineate the research instrument as an integral fragment of both qualitative and quantitative research design which are used to collect primary data for the study. According to Ghauri and Gronhaug (2014), primary data is collected either through qualitative or quantitative techniques. Qualitative research instrument comprises three components which are data, interpretative or analytical procedure and report. Data is collected through observations and interviews. The interpretative or analytical procedure is techniques for conceptualising and analysing data to attain findings or theories. The report focuses on the documentation of the whole study. For quantitative research instrument assists to accept or reject hypotheses in a logical and consistent approach.

4.5.1. Construction of interview questions

According to Sekaran and Bougie (2016), interviews are an effective research instrument for data collection during exploratory stages of the study and techniques used for interviews are mail, email, telephone, computer-assisted and personal interviews. “Interview questions have two crucial characteristics. Firstly elicit full, rich and personalised stories from participants and encourage to volunteer own reflections on personal experiences.” (Magnusson and Marecek, 2015, p. 52). According to Magnusson and Marecek (2015), the construction of interview questions ought to be clear, easy to understand and unbiased questions. An effective interview is vital to be phrased as open-ended towards enabling participants to articulate to own experiences and perceptive and should be asked a single question time to eradicate participants towards overlooking certain aspects and/or issues that are vital

to the study. “To minimise bias in responses, the interviewer must establish rapport with the respondents and ask unbiased questions.” (Sekaran and Bougie, 2016, p. 126). According to Sekaran and Bougie (2016), interviews are subdivided into four which are: structured interviews, semi-structured interviews, unstructured interviews and face-to-face, and telephone interviews. Myers (2013) state that structured interviews comprise the use of pre-determined questions which are frequently asked in a particular order. Structured interviews elicit in-depth information which emerged from an unstructured interview and ensures consistency across multiple interviews. Myers (2013) states that conversely, structured interviews minimise interviewer role during an interview; due to the nature of structured interviews lacks improvisation during the interview. Sekaran and Bougie (2016) indicate that unstructured interviews aimed to enable preliminary issues to emerge and assist a researcher in determining factors that need additional in-depth investigation. Unstructured interviews reconnoiter and investigate numerous factors in the situation that can be fundamental to a broad problem area. In addition, unstructured interviews are the opposite of structured interviews as comprises less use of pre-determined questions. “Semi-structured interviews sit somewhere in between structured and unstructured interviews. Semi-structured interviews involve the use of some pre-formulated questions, whereby there is no strict adherence.” (Myers, 2013, p. 122). According to Myers (2013), new questions might surface during semi-structured interviews and such improvisation is invigorated. In addition, semi-structured interviews are mostly open-ended interviews which focus on reconceptualising of the problem under study. Semi-structured interviews were used as a research instrument in the qualitative phase of the study. Semi-structured interviews enabled the participant’s opportunity to articulate during interview challenges business owners in the first year of operation finds relevant in a personal and business capacity.

4.5.2. Construction of questionnaires

According to Saunders et al. (2016), a questionnaire is extensively techniques used for data collection predominantly for business research. The techniques provide a proficient approach of gathering responses from an enormous sample preceding to quantitative analysis through participants responding towards an identical set of questions. Questionnaires are broadly used for descriptive or explanatory research. Descriptive research assists to identify and define erraticism in altered phenomena and explanatory research focuses on the examination and elucidate relationships among variables, predominantly cause-and-effect relationships. According to Sekaran and Bougie (2016), there are 13 types and forms of questionnaires which are open- ended questions, closed questions, positively worded questions,

negatively worded questions, double-barrelled questions, ambiguous questions, recall-dependent questions, leading questions, loaded questions, social desirability, length of questions, sequencing of questions and classification data or personal information. Saunders et al. (2016) assert with Sekaran and Bougie (2016) that open-ended questions as a research instrument assist to attain detailed responses from exploratory research. In contrary closed questions, confines respondents to responses towards possible alternatives provided for investigation of the problem. Positively and negatively worded questions assist in constructing questions either positively or negatively during an investigation of the problem. Double-barrelled questions lead to different possible responses to subparts. Ambiguous questions build-in bias inasmuch as diverse respondents can interpret items in the questionnaires differently. Recall-dependent questions focus on respondent responses subjected to past experience relative to the problem under investigation. Leading questions focuses on questions that are signaling and pressuring respondents to response in the desired approach during the investigation of the problem under study. Loaded questions are bias type of questions which are formulated in an emotionally charged method. Social desirability is questions that elicit socially anticipated responses for investigation of the problem under study. The length of questions focuses on the length of the questions on the investigation of the problem under study. Sequencing of questions are questions that direct respondents from general nature to more specific relevant for the investigation of a problem under study. Classification data or personal information focuses on respondent personal or demographic information.

Sekaran and Bougie (2016) indicate that constructing questionnaires is subjected to two main categories which are rating scale and ranking scale. There are four types of scales and scaling techniques which are nominal, ordinal, interval and ratio. The nominal scale assists the researcher to allocate subjects to certain groups or categories. Ordinal categorises variables to denote differences among various categories and further rank-orders categories in meaningful methods. Interval assists a researcher to articulate certain arithmetical operations on collected data from respondents. The ratio evaluates the magnitude of the differences among points on the scale and proportions in the differences. Rating scales comprise ten types which are dichotomous scale, category scale, semantic differential scale, numerical scale, itemised rating scale, Likert scale, fixed or constant sum rating scale, staple scale, graphic rating scale, and consensus scale. The dichotomous scale is mostly used towards eliciting a Yes or No response and concurrently used with a nominal scale. Category scale is used with multiple items towards eliciting an only response and concurrently used with a nominal scale. The semantic differential scale identifies numerous bipolar

attributes on extreme of the scale and respondents are probed to indicate attitudes on what is defined as semantic space. The numerical scale is comparable to a semantic differential scale with a variance that numbers on a five-point or seven points are given with bipolar adjectives on both ends. –Itemised rating scale are five-point or seven-point scale with anchors as needed is provided for each item and the respondent state the appropriate number on the side of each item or circles the relevant number against each item. (Sekaran and Bougie, 2016, p. 219). According to Sekaran and Bougie (2016), the Likert scale is developed to examine the strength of subjects to agree or disagree with a statement on a five-point scale. A fixed or constant sum rating scale is defined when respondents are probed to distributes a number of points provided through numerous items. Staple scale concurrently tests both direction and intensity of attitude towards items under study. The graphic rating scale is a graphical demonstration that assists respondents towards indicating on the scale the responses to a specific question though insertion a mark on the appropriate point on the line. Consensus scale is designed through consensus whereby a panel of judges chooses certain items that in observation measure relevant concepts. Ranking scales comprises of paired comparison, forced-choice, and comparative scale. Paired comparison is mostly used between numbers of objects whereby respondents are probed to select amongst two objects at a specific time. Forced choice equips respondents to rank objects relative to each other between options provided. The comparative scale provides a point of reference or benchmark to measure attitudes towards existing objects under study.

Cooper and Schindler (2012), questionnaires comprise of three types of measurement methods: Administrative questions. Classification questions and target questions. “Administrative questions identify participant, interviewer, interview location, and conditions. These questions are rarely asked of a participant but are necessary for studying patterns within the data and identify possible error sources.” (Cooper and Schindler, 2012, p. 302). According to Cooper and Schindler (2012), the classification method of questions commonly comprises sociological demographic components that enable participants’ responses to be clustered to allow patterns to be studied and revealed. Such a method of questions is mostly used on completion of a survey, however except questions that govern the requisite level of information for the participant to participate in the survey. Lastly, are target questions that address investigative questions of a definite study. Saunders et al. (2016) indicate target questions can be presented as closed or open-ended questions. The closed question was used in identifying challenges that are affecting the survival of businesses in the first year of operation. The questionnaires were ratio rated

scaled and categorised for subsequent data analysis according to the four research objectives of the study. Participants were allowed to furthermore on the end of each subsection of the objective through open-ended questions, to articulate issues and challenges that are relevant to the study.

4.6. Administration of research instruments

According to Saunders et al. (2016), the administration of research questions is the final stage for data collection after designed and pre-tested of research instruments.

4.6.1. Administration of interviews

Saunders et al. (2016) indicate that the effectiveness of interviews is significant as a researcher towards asking unbiased questions during an investigation of the problem. Attaining a high degree of credibility or validity on semi-structured interviews through clarifications on questions, analytical meanings and explores responses from a variety of angles. Researchers' prerequisites to institute rapport which affluence participants towards giving informative and trustful responses without the distress of adverse consequences. Broad questions were asked primarily then narrow down to focus areas of the study in an unbiased way. Furthermore, clarification was adhering towards helping participants responding to the questions. Credibility was achieved through building rapport which eliminated fears and anxieties during interviews.

4.6.2. Administration of questionnaires

According to Sekaran and Bougie (2016), there are numerous methods of administrating questionnaires. "Questionnaires can be personally administrated to respondents, inserted in magazines, periodicals, or newspapers, mailed to respondents or electronically distrusted through email- either through the internet or intranet. Software is also available to frame subsequent questions based on the subject's response to the preceding question." (Sekaran and Bougie, 2016, p. 158). Internet- and intranet-mediated questionnaires were administered through Google forms whereby the purpose of the research and how to complete questionnaires were articulated. The hyperlink was created and sent out to all gatekeepers through an email.

4.7. Pretesting of questionnaires

According to Saunders et al. (2016), the main objective of a pretesting of questionnaires is to improve questions used towards collecting primary data and ensure that participants do not encounter any

challenges to complete questions. Pretesting of questionnaires tests questions validity and reliability. Pretesting of questionnaires provides feedback to questions asked and validity of questions through measurement of the questions, and provide necessary information intended for the interview or survey. In accordance with Sekaran and Bougie (2016), a number of participants to sample for pretesting of questionnaires are subject to research questions, the objective of the study, resources availability and population size of the study. Pretesting of questionnaires is conducted to test rationale, wording, preciseness, and relevancy of questions to ensure that research objectives are met. Pretesting of questionnaires ensures that the capability of a research instrument measures what is supposed to measure and for consistent findings during the study. The pre-test sample comprised ten respondents from the targeted population and responses did not for part of the study. As an outcome of the pre-test, few minor alterations were made in relation to language and terminology used in the questionnaire. Cronbach's Alpha was used to gauge the reliability of responses from pretesting and the range was above 0.7 which indicated instrument consistently measured what was intended to measure and responses from respondents were consistent.

4.8. Concurrent data analysis

According to Bazeley (2018), data analysis plays a key role in all research undertakings, and especially on mixed methods design which is associated with complexity in both two-phase design. Data analysis is descriptive of the overview purpose and goals on research which is vital to established and preserve direction and focus in any research project and consequential from aforementioned empirical studies, purposes, and goals that births questions research designed to answer. Saunders et al (2016), stipulates that primary data can be analysed through a quantitative and/or qualitative approach.

4.8.1.Phase one: Qualitative analysis

Myers (2013) defines qualitative data analysis as analytical following data-gathering phase and condenses the quantity of data into meaningful information. The fundamental element of qualitative data analysis is developing some insights and articulates the subject on hand. Through logical processes, researcher dichotomizes, reduces, categories and reconstructs data. The analysis of qualitative in accordance with Sekaran and Bougie (2016) is through data reduction, data display and drawing conclusions. Data reduction is defined as a process of selecting, coding and categorizing data. According to Wilson (2014), coding aims to fracture data and reorganise into categories that facilitate data comparison between these categories and assists in the development of theoretical conceptions. Coding assists with the identification

of categories and subcategories. In addition, two methods are used to code data which are emergent or inductive coding and priori or deductive coding. Emergent coding focuses on categories development through examining data and prior coding centered on categories determined prior to analysis. Furthermore, there are three types of coding which are open coding, axial coding, and selective coding. Open coding focuses on labeling and categorising data, whereas axial coding is grounded on recitation categories with subcategories and selective coding is centered on identifying the main category that signifies the main theme of the study. Reorganise data into categories and subcategories according to Sekaran and Bougie (2016), plays a significant role in developing patterns and relationships between data. Presentation of data through graphs, matrix or charts illustrating trends in the data is defined as a data display. Furthermore, data display plays a significant role in assists in drawing conclusions in accordance with trends in a reduced set of data.

Saunders et al. (2016) assert with Sekaran and Bougie (2016) that data displays assists with identifying relationships and patterns in the data and comparisons amongst elements of the data and recognise any relationships, patterns, key themes and trends that could emerge. Conclusion drawing is the last analytical activity in the procedure of qualitative data analysis and is the core of data analysis. Drawing of conclusions assists simultaneously towards developing ideas on how data ought to be displayed. Cooper and Schindler (2012) outline the inclusive rationale of analysing data is to understand the phenomenon being investigated through identifying themes and subthemes in raw data which comprehend the phenomenon being studied. The process to unravel these themes and subthemes is called content analysis. Content analysis is referred to as an observational research procedure used to analytically evaluate representational contents of different forms of recorded communications. In accordance with Myers (2013), Content analysis assists the researcher to analyse a substantial amount of recorded or textual information and analytically identify properties such as the occurrence of certain words, themes, concepts, sentences or characters. Sekaran and Bougie (2016) indicate that content analysis is subdivided into conceptual analysis and relational analysis. Conceptual analysis institutes the existence and occurrence of concepts and further analyses, interprets the text through coding text into manageable content categories. Relational analysis constructs conceptual analysis through probing the relationships between concepts in a text. The interviews aimed to abstract qualitative data from interviewees in a directive to determine factors that are influential towards the survival of businesses in the first year of operation. Ensuring the reliability of data, interviews were voice recorded and transcribed. Transcribed

data were grouped into meaningful categories called themes.

4.8.1.1. Thematic analysis of qualitative data

According to Cooper and Schindler (2012), thematic analysis is defined as a process of identifying themes in the data and capturing the complexities of meaning within textual data. Furthermore thematic analysis assists in the identification of patterns in the data which is significant in finding answers to research questions of the study. Emerged themes through thematic analysis are categorised or coded for analysis. Themes that emerged were similar to the study objectives and common patterns across participants synthesized into main findings.

4.8.1.2. Identification of themes

From deductively coding process themes and sub-themes emerged from the text are incorporated in the discussion. The emerged themes from observations and insights illustrate challenges and business skills that are significant to the survival of businesses in the first year of operation. Manageability of the frequency of challenges for businesses in the first year of operation that emerged into themes for analysis and interpretation was through conceptual analysis. Furthermore, the relationship between business skills that are significant and challenges that are detrimental towards the survival of businesses in the first year of operation was through relational analysis.

4.8.2. Phase two: Quantitative analysis

According to Saunders et al. (2016), numerical or contain data in business and management research before been processed and analysed, convey insignificant meaning. Therefore data analysis plays a significant role in the conversion of raw data to become adequate meaningful meaning and provide assistance in answering research questions, meet objectives. The quantitative analysis technique ranges from the creation of tables or diagrams that indicates the frequency of event through statistics. The analysis entails unfolding data and explores relationships through statistics. According to Maylor and Blackmon (2014), coding of data, data transformation, checking for errors or missing data is a prerequisite of quantitative analysis. “Researchers go to great lengths to obtain central tendency, range, dispersion and other statistics for every single item measuring dependent and independent variables, especially when measures for a concept are newly developed.” (Sekaran and Bougie, 2016, p. 279). In accordance with Sekaran and Bougie (2016) and Maylor and Blackmon (2014), descriptive statistics comprises frequencies, measures of central tendency and dispersion. Sekaran and Bougie (2016) point out

frequencies solely the number of intervals of subcategories of certain occurrence occurs, where the percent and accumulative percent of occurrence are straightforwardly calculated. –Measures of central tendency describe the central point of a measure, for example, familiar average and measures of dispersion describe how widely data is spread around a central point, for example, standard deviation. (Maylor and Blackmon, 2014, p. 309).

Quantitative findings were analysed using a computer-aided software SPSS ensuring data is analysed efficiently and effectively. Statistical techniques of the computer-aided software SPSS were used to create various tables and graphs and tested reliability and consistency of identified linkage between the survival of businesses in the first year of operation, in South Africa and business skills deficit that emerged in the qualitative phase of analysis. Inferential statistics were used to determine the strength and direction of business skills on survival in the first year of operation.

4.9. Validity and Reliability

According to Sekaran and Bougie (2016), it is vital to measure the validity and reliability of the research instrument in the study and to ensure that the research instrument is measuring what is intended to measure and measurement are consistence.

4.9.1. Validity

According to Sekaran and Bougie (2016), validity is the ability of a research instrument to measure what is supposed to measure, verify credibility and attain confidence in the research instrument used in the study. The validity of the study is measurable through Construct, criterion-related and construct validity. Content validity certifies that the measure contains adequacy and a representative group of items that draw on conception. Criterion-related validity is determined when the measure that distinguishes individuals on a criterion that is expected to predict. Construct validity authenticates the effectiveness of results attained from the use of the measure and congruency on theories around the test is designed. According to Saunders et al. (2016), internal validity is grounded when a study determines a causal relationship amongst two variables and external validity focuses on questions that study research findings are generalised to other applicable settings or groups. Factor analysis was used through construct validity to authenticate objectives of the study that has been demarcated and indicating items are most appropriate for each objective.

4.9.2. Reliability

“Reliability is therefore concerned with the robustness of questions and, in particular, whether or not will produce consistent findings at different times and under different conditions”. (Saunders et al., 2016, p. 430). Sekaran and Bougie (2016) highlight the reliability of a measure is authenticated through testing consistency and stability. Consistency of measures is suggestive of the reliability and capable of independently measures identical concept so participants respond identical overall meaning to each of the items. There are two tests of consistency of measures which are interitem consistency reliability and split-half reliability. Interitem consistency reliability is a measure of the consistency of respondents' responses towards all items in a test. Further, the degree that variables are independent measures of the identical concept is correlated with each other. Consistency can be examined through interitem consistency reliability. Split-half reliability imitates correlations between two halves of an instrument. In addition, estimates vary subjected to how the items in the measure are split into halves. The stability of a measure according to Saunders et al. (2016) is defined as the capability of a measure to remain the same over time. According to Sekaran and Bougie (2016), there are two tests of stability which are test-retest reliability and parallel-form reliability. Test-retest reliability is a reliability coefficient attained through the repetition of the identical measure on a second occasion. Whereas parallel- form reliability is responses on two similar group of measures selecting the same construct are vastly correlated. Interitem consistency through Conbrach alpha was used to test intercorrelations between items measuring the concept. Cronbach alpha coefficients were computed through a software package called Statistical Package for Social Science (SPSS) and Cronbach alpha coefficient closer to one the higher internal consistency reliability and coefficient closer to zero indicates items not correlated with each other.

4.10. Ethics Considerations

“Ethics in business research refers to a code of conduct or expected societal norms of behaviour while conducting research.” (Sekaran and Bougie, 2016, p. 13). According to Sekaran and Bougie (2016), ethical conduct is applicable to businesses, members that sponsor the research; researchers undertake research and respondents who provide necessary data. According to Cooper and Schindler (2012), ethics ensure the rights of participants are protected when conducting research. The right of participants is a safeguard to ensure that participants do not experience any physical harm, discomfort, pain, humiliation, and invasion of privacy. Saunders et al. (2016) elaborated further that ethics starting from selecting

research topic, research design, collection of data until research findings. Research ethics should be conducted in a morally defensible manner. Ethical clearance for the study was granted through the University Humanities and Social Science Research Ethics Committee. The study adhered to the University's Code of Conduct for Research and gatekeepers' letters was obtained from incubators.

4.10.1. Ensuring participants have given informed consent

Cooper and Schindler (2012) indicate that detailed procedures of the survey or research design before requesting permission to proceed with the study is vital. A consent form should be through written correspondence and is compulsory that both participant and researcher sign the consent form. Saunders et al. (2016) stipulate that informed consent assures confidentiality and anonymity to participants. Detailed procedures of the survey and the nature of the study were discussed with participants. The consent form was through written correspondence and an in- depth explanation was discussed with the participant. Assurance of confidentiality and anonymity was explained to participants.

4.10.2. Ensuring no harm to participants

According to Cooper and Schindler (2012), privacy has greater importance than confidentiality. Participant privacy is one of the fundamental to eradicate harm to a participant. A participant has the right to refuse to answer a question refuse to be interviewed. A researcher should inform the participant of the rights in the study and ensures that permission is obtained for a participant to be an interview. Schedule field and phone interviews should be on participant convenience to eradicate any form of harm. Saunders et al. (2016) indicate that focus on the study should be to ensure that no harm to a participant. The use of the internet or email to collect primary data should be avoided as can potentially cause harm to a participant. Anonymity on the collection of primary data should be a norm to eliminate any potential harm to a participant. Participants were informed of the rights during the interview. Permission from participants was obtained before the interview and interviews were conducted on the convenience of the participant. The survey or interviews was centered on the wellbeing of participants to ensure that no harm to a participant.

4.10.3. Ensuring confidentiality and anonymity

Saunders et al. (2016) stipulate that confidentiality and anonymity to a participant are of vital importance. The collection of primary data should remain confidential and key variables should be omitted to ensure

anonymity especially in the collection of qualitative data. Cooper and Schindler (2012) indicate that confidentiality should be obtained through nondisclosure documents. Participant identification should be restricted and participant information should be made available through written consent from the participant. The use of the internet or email to collect primary data should be avoided to ensure confidentiality and anonymity will be maintained. Responded was referred to as participant instead of true identity and key variables were omitted. Participants signed nondisclosure documents to guarantee confidentiality and anonymity. Written consent was requested to disclose any detailed participant confidential information. The use of electronic communication was omitted.

4.10.4. Ensuring that permission is obtained

According to Cooper and Schindler (2012), signed informed consent should be documented. The signed informed consent indicates that participant willingly grants consent to participate in the survey and the researcher has fully disclosed all procedures of the survey. Saunders et al. (2016) stipulate that signed informed consent indicates that participant is knowledgeable of the rights to withdraw without notice and/or reason from participating in the survey. The researcher will ensure transparency and ensure that a participant has an in-depth understanding of the procedures of the study prior to the sign consent form. Signed informed consent was documented. The researcher ensured that participants are well informed in terms of the rights to participate in the study.

4.11. Summary

Mixed-methods design through convergent parallel design was a design used to develop the Business Bootstrapping Model. Furthermore through action research to largely explore and comprehend the in-depth understanding of challenges that negatively impacts the competitiveness of businesses in the first year of operation. The quantitative design was used to explore any correlation with empirical research. Qualitative analysis and quantitative analysis were used to analyse the primary findings of the study. The analysis of both qualitative analysis and quantitative analysis was integrated through the narrative technique. Ethics consideration was conducted to eradicate any ethical issues in the study.

The next chapter presents results from both qualitative and quantitative primary research conducted and discussion and interpretation of the findings.

CHAPTER FIVE: DATA AND FINDINGS

5.1. Introduction

The rationale for the study was presented in chapter one through the construction of a cogent problem statement. A mixed-method research design articulated in chapter four was selected in order to unwrapped challenges of businesses in the first year of operation and business skills deficit that are negatively influencing the survival in the first year of operation in South Africa which was unraveled in chapter two. This chapter resonates convergent parallel mixed-method research design implemented for the study, to recapitulates the research findings and presents the basis for the analysis of the primary findings in interpreting results from the semi-structured interviews and questionnaires that administered and conducted respectively. A demarcated analysis was through subsequent systemic planned action. The presentation of the findings in relation to the current challenges that influence the survival of businesses in the first year of operation in South Africa, with the propositions concomitance to the research questions is presented in this chapter.

The study was aimed to develop a Business model to equip business owners in the first year of operation with business skills. The development of the business bootstrapping model was comprehended as a business tool to eradicate major business challenges that are negatively affecting businesses in the first year of operation. This chapter is subdivided into two main sections. The first section presents the results of semi-structured interviews with business owners and/or employees and the second section discoursed results attained through questionnaires.

5.2. Qualitative data

This section presents the findings of semi-structured interviews with business owners and/or employees. In accordance with research questions, the purpose of this section was to critically explore challenges businesses faces and excavated an understanding of variables that are significant to the survival of businesses in the first year of operation. This study adopted a deductive process for coding and categories of data and a conceptual analysis approach for the analysis. Thereafter, a framework of literature is provided to further contextualize the findings.

5.2.1. Presentation of qualitative data

Findings for the semi-structured interviews emerged from 13 sub-questions which were used as an instrument and were constructed; in addition, aligned to the four research questions of the study. Emerged posterior constructs on the study from 13 sub-questions were as follows:

- Factors contributing to failure in business failure.
- Business skills were important to the survival of businesses in the first year.
- Impact of business skills on the survival of businesses in the first year.

5.2.1.1. Contributory factors towards the failure of businesses in the first year of operation

This first theme aimed to investigate factors that are influential to the failure of businesses in the first year of operation.

- More than 50 percent of participants articulated that red tape and high capital requirements associated with the accessibility of capital, the inadequacy of financial resources to manage account receivables and lack of resources in crafting distinctive competency are fundamental obstacles to survival in the first year of operation.
- In addition, all responses indicated that marketing; employee relations, competitive pressures associated with product substitutions on consumers and planning are the ripple effect of major obstacles.
- Participants outlined high capital requirements associated with the accessibility of capital sub-par business competitiveness and hindrances towards competitive in the market place.
- Participants articulated the impact of obstacles as a competitive liability on business performance.
- 70 percent of participants pointed out, the inadequacy of financial resources impacted the management of the cash cycle, managing account receivables and caused distress on business working capital.

- In addition, the inadequacy of accessibility of capital created competitive vulnerability on business profit margins and directly impacted business market reconnaissance.
- Participants further indicated that the government initiative program to improve business competitiveness is not effective towards survival in the first year of operation. The business environment is detrimental for survival in the first year of operation; as VAT and petrol hikes more than 50 percent of participants identified as contributory factors subsequently with high inflation and interest rates as both negatively influenced business competitiveness. A minority of participants designated that exchange rates crippled business performance. All participants delineated that contributory forces have birthed strategic problems that are affecting the performance of the business. Participants indicated that due to scarcity of financial resources, fierce competitive pressure from well-established businesses into the market segment created a barrier to entry, in addition, increased VAT and rapid increase of fuel have been detrimental towards the pricing competitiveness of products. Additionally, limited resources are a stumbling block in relation to human assets. 60 percent of participants stated limited financial resources further birthed price competitive problems due to price pressure is fierce towards high degrees of customer loyalty from well-established businesses. Brand preferences from reputable products affect the building of product competitiveness and penetration into the market segment in the first year of operation.
- Cost and resource disadvantages and price collusion among established businesses affect the price competitiveness of business products in the first year of operation. Inadequacy of financial resources, 60 percent of participants identified as influential towards cost-competitive problems in the first year of operation. Furthermore, participants specified that challenges intertwined with cost-competitive are due to internal costs and supplier-related cost disadvantages. Cost disadvantages linked with forwarding channel allies to attain win-win opportunities with suppliers towards reducing costs are a problem. Contributory forces participants indicated as a slowdown of sales growth, adversarial to marketing strategies and direct effect on business revenues.

5.2.1.2. Construction of competence in the first year of operation

The second theme was investigating the crafting of business competencies and capabilities that adequately administer to gain a competitive advantage in the first year of operation. 70 percent of participants indicated that construction of business competitiveness that is significant for survival in the first year of operation is through focusing on the competitiveness of niche markets which suited to business strengths and capabilities. 30 percent of participants pointed out differentiating business from established businesses through cultivating customer relationships, cost optimisation and maximisation of profit margins are additional strategies for responding to the external environment. More than 50 percent of participants outlined building business competency through personal experience in the industry. A minority of participants indicated informal learning and formal training was used to build competency and capability. The few participants articulated further that competency and capability were through registration with accredited bodies in the industry.

5.2.1.3. Association of business skills in the first year of operation

In the third theme, the influence of business skills on the competitiveness of business in the first year of operation was investigated. More than 50 percent of participants identified marketing as business skills suitable for business to penetrate the market. A minority of participants indicated that financial and cost management skills followed management is the skills needed to adequately manage limited resources. 70 percent of participants identified accounting and bookkeeping skills as skills deficiencies in the business and critical towards improving business financial health. A minority of participants pointed out, marketing followed with management and project management as skills deficiency in the business. In addition, all responses stated negotiation skills as soft skills deficiencies required in the business for planning and contract negotiations. 60 percent of participants outlined technical capabilities is used through building differentiated features to be competitive and outcompeting competitors'. Coping with competitive conditions and outcompeting of rivals is through interacting with customers. A minority of participants articulated that collaboration with other businesses to counteract deficiencies in the business. Challenges that threaten the success of business participants articulated that are addressed through experience in the industry and is used as a competitive edge. Acquired skills on problem resolutions and costs optimisation are concurrently used to address challenges that threaten the success of the business.

5.3. Quantitative data

This section presents all data in tables and graphic format conferring to respectively test variables on the questionnaires followed with elucidations of graphical presentations. The questionnaires are categorised into sections in order to achieve the objective of the study. Descriptive statistics in the form of frequency, percentage, mode, and cross-tabulation tables and inferential statistics in a form of correlation analysis were computed to compare variables in the objectives.

5.3.1. Demographic data

According to Creswell (2014), descriptive analysis is a method of organising, summarising, and presenting data as information. This section presents a demographic representation of the sample on respondents relative to age, gender, race, business sector, total gross assets (exclusion of fixed property) and years of experience in the industry Demographic information was used to identify the influence of secondary factors in the survival of businesses in the first year of operation. The responses from closed-ended questions are as follows:

Table 5.1: Profile of participants

Variables		Frequency	Percentage
Age	20 – 29 years	110	28.1%
	30 – 39 years	135	34.5%
	40 – 49 years	127	32.5%
	50 – 59 years	18	4.6%
	60 years and above	1	0.3%
Gender	Female	133	34%
	Male	248	63.4%
Race	Black	133	34%
	Coloured	112	28.6%
	Indian	95	24.3%
	White	49	12.5%
Industry	Agribusiness	26	6.6%
	Asset and Wealth management	28	7.2%
	Automotive	46	11.8%

	Banking and Capital markets	36	9.2%
	Chemicals	34	8.7%
	Energy, Utilities, and Mining	39	10.0%
	Engineering and Construction	67	17.1%
	Hospitality and Tourism	50	12.6%
	Information Technology	65	16.6%
Total gross assets (exclusion of fixed property)	R0 - R19 999	79	20.2%
	R20 000 - R39 999	115	29.4%
	R40 000 - R69 999	108	27.6%
	R70 000 - R89 999	48	12.3%
	R90 000 - R99 999	26	6.6%
	R100 000 and more	15	3.8%
Years of experience in the industry	Less than 1	36	9.2%
	1 < 2	35	9.0%
	2 < 3	99	25.3%
	3 < 4	124	31.7%
	4 < 5	48	12.3%
	Greater than 5	47	12.0%

Table 5.1: Profile of participants

Source: Researcher (2019)

Age group allocation in Table 5.1 was used to define business owners who participated in the study. Respondents in the study are middle-aged (30-39) dominated followed with almost equal distribution of respondents age 40–49 (127) and 20–29 (110). Furthermore, the remaining respondents' age is from 50–59 (18) and 60 and above (1). In addition, is evidence that respondents age is interlinked with issues of experience and capabilities to resolve business challenges that emerges. Gender classification was used to split business ownership between males and females that responded in the study. There are an unbalanced 133 numbers of females in comparison to 248 of the numbers of males that responded in the study. Dominant ethnicity in the study is Blacks (133) followed by Coloureds (112) and Indians (95) and lastly, a minority are whites (49). Furthermore is an almost equal even distribution of respondents in all different

business sectors responses in the study, Agribusiness (26), Asset and Wealth Management (28), Automotive (46), Banking and Capital markets (36), Chemicals (34), Energy, Utilities and Mining (39), Engineering and Construction (67), Hospitality and Tourism (50) and Information Technology (65).

Total gross assets quantified numbers of business owners with capital and/or assets in the first year of operation. There is a disproportionate total gross assets exclusion of fixed property. The highest total gross assets from respondents were R20 000-R39 999 (115) followed by R40 000- R69 999(108) and R0-R19 999. The minority of respondents had total gross assets of R90 000- R99 999 and R100 000 and more. Year of experience in the industry measured the probability of influence on experience in the survival of businesses in the first year of operation. There are uneven years of experience in the industry among respondents' responses. Respondents were between 3 < 4 (124) years of experience in the industry followed by 2 < 3 (99). The remaining responses had almost equal even distribution of respondents less than 1 (36), 4 < 5 (48) and greater than 5 (47).

5.3.2. Reliability of questionnaires instrument

In accordance with Sekaran and Bougie (2016), reliability is reputable through internal consistency, in which the measure is founded on the correlation between different variables on identical tests, which can be measured using Cronbach’s Alpha that ranges from 0.0 to 1.0. The satisfactory reliability minimum threshold measure is 0.70. Sekaran and Bougie (2016) define Cronbach’s Alpha as an adequate test for internal consistency. Reliability that is 0.60 and below is considered to be poor and for those in the 0.70 range is defined as acceptable and those that range above 0.80 is considered as good. Cronbach’s Alpha was used to gauge the reliability of all sections relating to research questions. Table 5.2 indicates the reliability measures for questionnaires.

Table 5.2: Reliability Statistics

Cronbach’s Alpha	Cronbach’s Alpha on Standardized items	No of Items
0.935	0.936	25

Table 5.2: Reliability Statistics

Source: Field data (2019)

Table 5.3: Reliability measures for each objective of the questionnaires

Research objectives	Cronbach's Alpha	No of Items
To explore variables that contribute to the failure of businesses in the first year.	0.857	10
To explore variables that are significant to the survival of businesses in the first year.	0.754	6
To what extent do business skills influence the performance of businesses in the first year.	0.756	5
To explain the strength and direction of the relationship between business skills deficit and performance of businesses in the first year.	0.750	4

Table 5.3: Reliability measures for each objective of the questionnaires

Source: Field data (2019)

Table 5.3 indicates that four dimensions of the scale measure each measurement reliably. Table 5.3 further present instrument consistently measured what was intended to measure and responses of each question from respondents were consistent.

5.3.3. Respond rate

Sekaran and Bougie (2016) indicate that a narrow margin of error ought to replicate the population parameters of the sample. Questionnaires were distributed through Google forms hyperlink to respondents.

Table 5.4: Response rate from questionnaire administered

Total population	N = 381 668
Sample available for research	n = 500
Total responses	391
Uncompleted questions	25
Usable responses	391
Unusable responses	0
Usable response rate	78.2%

Table 5.4: Response rate from questionnaire administered

Source: Field data (2019)

As illustrated in Table 5.4, a total of 391 responded to the survey with uncompleted questions of 25. The response rate for this research was 97.75 percent which in accordance with Saunders, et al. (2016), exceeds the minimum threshold for a satisfactory reliability measure of 0.70 for meaningful statistical analysis and acceptable interpretation.

5.3.4. Descriptive Statistics

Descriptive statistics according to Sekaran and Bougie (2016) is presented through measures of central tendency, frequencies, and dispersion. A measure of central tendency is subdivided into three: mean, median and mode. The mean proposes a broad picture of data without superfluously inundating one with all of the observations in a data group. The median is the central item in a set of observations when are arranged either in descending or ascending order. A mode is a group of observations that do not lend to a significant representation through either mean or median, however, signifies the maximum frequently occurring phenomenon. Frequencies are displayed through three: histograms, bar charts, and pie charts to assist with an understanding of data. Dispersion is inclusive to the range, variance, standard deviation, and interquartile range. The range is defined as extreme values in a group of observations and variance is computed through subtracting mean from each of the observations in the group of data and further squaring the difference and divide the total with a number of observations. Standard deviation measure of dispersion for interval and ratio scaled data propose an index of the spread of the distribution of variability in the data and interquartile range quartile divides into four equal portions the decile into ten and percentile into 100 equal parts. The study used a frequency distribution to analyse data. Frequency distribution discusses a number of intervals numerous subcategories of a definite phenomenon occur; additionally, percent and cumulative percent of the events are certainly calculated. Sections B of the questionnaire were grouped into categories that imitate study objectives and categorical data summarised number of frequency respondents‘ responded in every category.

Identified contributory forces that contribute towards the failure of businesses in the first year.

Table 5.5: Frequency distribution of contributory forces

Questions	Scale				
	1	2	3	4	5
1. Inadequate industry analysis	4.0%	3.5%	17.2%	54.5%	20.9%
2. The influence of business environment	1.2%	5.7%	17.7%	36.3%	39.1%
3. Inadequate implementation of business strategy	2.2%	3.7%	17.4%	33.8%	42.8%
4. Inadequate financial forecasting	0.5%	2.0%	2.2%	14.9%	47.3%
5. Scarcities of financial resources	0.7%	1.0%	3.7%	12.4%	40.3%
6. Inadequate accessibility of start-up capital	1.7%	2.5%	14.0%	37.4%	44.4%
7. Weak execution marketing strategies	2%	2.5%	12.2%	43.0%	39.3%
8. Inadequate marketing research	1.5%	4.5%	15.7%	36.3%	41.5%
9. Lack of brand equity	2.2%	2.5%	12.9%	42.3%	39.3%
10. Poorly developed business plan	1.7%	2.0%	19.7%	38.3%	38.3%

Table 5.5: Frequency distribution of contributory forces

Source: Field data (2019)

As presented in Table 5.5, 54.5 percent of responses in the first question articulated that inadequate industry analysis dominant followed with 20.9 and 17.2 respectively as moderately contributed to the failure of businesses in the first year of operation. 4.0 and 3.5 percent of respondents pointed out that inadequate industry analysis has a slight influence on the failure of businesses in the first year of operation. In the second question, responses were almost evenly distributed with 39.1 and 36.3 percent respectively as an extremely and highly influential business environment to failure of businesses in the first year of operation. Inadequate implementation of business strategy extremely contributes to the failure of businesses in the first year of operation with 42.8. 33.8 percent respectively respondents indicated that inadequate implementation of business strategy is a highly influential force to failure of businesses in the first year of operation. Trailed with 17.4 percent as moderate and evenly distributed with 3.7 and 2.2 percent respectively as slightly and not influence respectively, on the failure of businesses in the first year of operation. Forth question respondents pointed out that inadequate financial forecasting as extremely towards the failure of businesses in the first year of operation. 14.9 percent of respondents indicated as highly impacted survival of business in the first year of operation. The remaining 2.2 and 2.0 percent respectively evenly distributed as moderate and slightly impacted survival

of business in the first year of operation.

Scarcities of financial resources in the fifth question stated as extremely influenced failure of businesses in the first year of operation followed with 12.4 as highly influential. 3.7 and 1.0 percent respectively respondents indicated scarcities of financial resources as moderate and slightly influenced failure of businesses in the first year of operation and trailed with 0.7 percent as none influential. There are a virtually evenly distributed with 44.4 and 37.4 percent respectively respondents articulated in the sixth question as extremely and highly influential towards inadequate accessibility of start-up capital on the failure of businesses in the first year of operation; followed with 14.0 percent respondents indicated as moderately influential to failure of businesses in the first year of operation. Evenly distributed with 2.5 and 1.7 percent respectively respondents articulated as slightly and not influential to the failure of businesses in the first year of operation. In the seventh question, extremely and highly with 39.3 and 43.0 percent as weak execution marketing strategies towards the survival of businesses in the first year of operation and followed with 12.2 percent respondents indicated as moderately influenced survival of businesses in the first year of operation. The remaining 2.5 and 2.0 percent respondents pointed out as slightly and not influential to the survival of business in the first year of operation.

Inadequate marketing research in the eighth question with 41.5 percent of respondents asserts as influenced to the survival of business in the first year of operation. 36.3 percent as highly influential followed with 15.7 percent indicated as moderate; respondents stated level of influence to the survival of business in the first year of operation. The last 4.5 and 1.5 percent respondents indicated as slightly and not influential to the survival of business in the first year of operation. There is almost evenly distributed with 42.3 and 39.3 percent of respondents assert as lack of brand equity extremely and highly respectively as influential to failure of businesses in the first year of operation. 12.9 respondents indicated as moderately influential towards the failure of businesses in the first year of operation. The remaining 2.5 and 2.2 even distributed as slightly and not influential respectively to the failure of businesses in the first year of operation. In the tenth question, poorly developed business plan respondents indicated with both 38.3 percent as extremely and highly as influenced towards the survival of businesses in the first year of operation. 19.7 percent as moderate followed with evenly distributed 2.0 and 1.7 percent as slightly and not influential to the survival of businesses in the first year of operation.

Identified business skills that are significant towards the survival of businesses in the first year.

Table 5.6: Frequency distribution of business skills

Questions	Scale				
	1	2	3	4	5
11. Monitoring of cash flows cycles	1.2%	4.0%	18.2%	56.2%	20.4%
12. Monitoring of profitability	2.0%	2.2%	16.4%	36.8%	42.3%
14. Customers segmentation	1.0%	4.5%	13.2%	40.3%	41.0%
15. Price competitiveness	1.2%	2.7%	16.4%	40.5%	39.1%
16. Cost competitiveness	1.2%	2.2%	15.7%	42.8%	37.6%

Table 5.6: Frequency distribution of business skills

Source: Field data (2019)

As presented in Table 5.6, 56.2 percent of responses in the 11th question articulated that monitoring of cash flow cycles is dominant followed with evenly distributed of 20.4 and 18.2 respectively as extremely and moderately contributed variables towards the survival of businesses in the first year of operation. The remaining 4.0 and 1.2 percent as slightly and not a contributing variable towards the survival of businesses in the first year of operation respondents articulated. There is almost evenly distributed with 42.3 and 36.8 percent of respondents pointed out in the 12th question as extremely and highly respectively, monitoring of profitability as contributory variable towards the survival of businesses in the first year of operation. 16.4 respondents indicated that monitoring of profitability as moderately a contributory variable towards the survival of the businesses in the first year of operation. The remaining 4.0 and 1.2 percent of respondents indicated that monitoring of profitability as a slightly and not contributory variable towards the survival of businesses in the first year of operation. Identification of external opportunities as an influential variable to the survival of businesses in the first year of operation, respondents articulated in the 13th question with 42.3 and 39.1 percent respectively as high and extreme. 15.2 respondents indicated the identification of external opportunities as moderately variable to the survival of businesses in the first year of operation. The remaining 1.7 and 1.2 percent of respondents indicated that identification of external opportunities as slightly and not contributory variable towards the survival of businesses in the first year of operation.

There is almost evenly distributed with 41.0 and 40.3 percent of participants pointed out in the 14th

question as extremely and highly respectively, customers ‘segmentation as a contributory variable to the survival of businesses in the first year of operation. 13.2 respondents indicated that customers ‘segmentation as moderately a contributory variable to the survival of businesses in the first year of operation. The remaining 4.5 and 1.0 percent of respondents indicated that customers ‘segmentation as slightly and not contributory variable to the survival of businesses in the first year of operation. In the 15th question evenly distributed with 40.5 and 39.1 percent, respondents pointed out, price competitiveness as extremely and highly respectively as a contributory variable to the survival of businesses in the first year of operation. Followed with 16.4 as moderate with further evenly distributed with 2.7 and 1.2 percent indicated price competitiveness as slightly and not contributory variable to the survival of businesses in the first year of operation. In the 16th question evenly distributed with 42.8 and 37.6 percent, respondents pointed out, cost competitiveness as extremely and highly respectively as a contributory variable to the survival of businesses in the first year of operation. Followed with 15.7 as moderate with further evenly distributed with 2.2 and 1.2 percent indicated that price competitiveness as slightly and not contributory variable to the survival of businesses in the first year of operation. Influential business skills on business competitiveness in the first year.

Table 5.7: Frequency distribution of influential business skills

Questions	Scale				
	1	2	3	4	5
17. Identifying of threats	1.7%	3.2%	16.2%	52.0%	16.4%
18. Out-competing rivals	2.5%	4.0%	12.7%	37.3%	42.8%
19. To be competitive in the industry	2.2%	3.2%	15.7%	40.5%	38.1%
20. Devised strategies to eradicate business challenges	0.7%	4.5%	15.2%	42.8%	35.8%
21. Bookkeeping (Recording of financial transactions)	2.0%	3.0%	15.7%	41.0%	37.3%

Table 5.7: Frequency distribution of influential business skills

Source: Field data (2019)

Table 5.7 presents frequency responses of the influence of business skills towards the performance of businesses in the first year of operation. 52.0 percent of responses in the 17th question expressed that identifying threats is dominant followed with evenly distributed of 16.4 and 16.2 as extremely and

moderately respectively as an influential skill towards the survival of businesses in the first year of operation. The remaining 3.2 and 1.7 percent as slightly and not an influential skill to the survival of businesses in the first year of operation respondents articulated. In the 18th question evenly distributed with 42.8 and 37.3 percent of participants pointed out, out- competing of rivals as extremely and highly respectively as a contributory skill to the survival of businesses in the first year of operation. 12.7 percent point out moderate and 4.0 and 2.5 percent of respondents indicated the out-competing of rivals as slightly and not a contributory skill to the survival of businesses in the first year of operation.

There is almost evenly distributed with 40.5 and 38.1 percent respondents pointed out in the 19th question as extremely and highly respectively, competitive skills in the industry‘ as contributory to the survival of businesses in the first year of operation. 15.7 respondents indicated that competitive skills in the industry‘ as moderately contributory skill towards the survival of businesses in the first year of operation. The remaining 3.2 and 2.2 percent of respondents indicated that competitive skills in the industry‘ as slightly and not a contributory skill to the survival of businesses in the first year of operation. In the 20th question evenly distributed with 42.8 and 35.8 percent, respondents pointed out, devised strategies to eradicate business challenges skill as extremely and highly respectively, contributory skill towards the survival of businesses in the first year of operation. 15.2 respondents pointed as moderate with further 4.5 and 0.7 percent respondents indicated that devised strategies to eradicate business challenges skill as slightly and not a contributory skill to the survival of businesses in the first year of operation. 42.8 percent of responses in the 21st question expressed that bookkeeping (recoding of financial transactions) is dominant followed by 35.8 as an extremely influential skill to the survival of businesses in the first year of operation. The remaining 15.2, 3.0 and 2.0 percent as moderate, slightly and not an influential skill to the survival of businesses in the first year of operation respondents articulated.

Identify the strength and direction of the relationship between business skills and competitiveness of business in the first year.

Table 5.8: Frequency distribution of business skills and competitiveness

Questions	Scale				
	1	2	3	4	5
22. Sustaining business strategies	0.7%	3.2%	13.7%	53.5%	28.9%
23. Developing of new product lines	2.0%	4.0%	16.4%	36.6%	41.0%

24. Creating niche market	2.0%	3.2%	13.7%	42.5%	38.3%
25. Adequately positioning the business in the market	1.7%	3.0%	15.7%	39.6%	39.8%

Table 5.8: Frequency distribution of business skills and competitiveness

Source: Field data (2019)

Table 5.8 presents frequency responses of the relationship between business skills and performance of businesses in the first year of operation. 53.5 percent of responses in the 22nd question expressed that sustaining business strategies is dominant followed with 28.9 and 13.7 as extremely and moderately respectively as interrelated to the survival of businesses in the first year of operation. The remaining 3.2 and 0.7 percent as slightly and no correlation to the survival of businesses in the first year of operation respondents articulated. There is almost evenly distributed with 41.0 and 36.6 percent of participants pointed out in the 23rd question as extremely and highly respectively, developing new product lines interconnected to the survival of businesses in the first year of operation. 16.4 respondents indicated that developing new product lines as moderately connected to the survival of businesses in the first year of operation. The remaining 3.2 and 2.2 percent of respondents indicated that the developing of new product lines as slightly and not connected to the survival of businesses in the first year of operation.

In the 24th question, there is almost evenly distributed with 42.5 and 38.3 percent of respondents pointed out as extremely and highly respectively; creating niche market interrelated to the survival of businesses in the first year of operation. 13.7 respondents indicated that creating a niche market as moderately linked to the survival of businesses in the first year of operation. The remaining 3.2 and 2.0 percent of respondents indicated that creating a niche market as slightly and not coupled to the survival of businesses in the first year of operation. There is almost evenly distributed with 39.8 and 39.6 percent of respondents pointed out in the 25th question as extremely and highly respectively, adequately positioning of the business in the market interconnected to the survival of businesses in the first year of operation. 15.7 respondents indicated that adequately positioning the business as moderately connected to the survival of businesses in the first year of operation. The remaining 3.0 and 1.7 percent of respondents indicated that adequately positioning the business as slightly and not connected to the survival of businesses in the first year of operation.

5.3.5. Inferential Statistics

Pearson correlation was used for the execution of ordinal data through bivariate correlation. Pearson's

Correlation in accordance with Creswell (2014), is a measurement of the strength of a straight line or linear relationship amongst two variables and significance of bivariate relationships between all variables that are measured on an interval or ratio level. Correlation Coefficients designate the direction of the relationship and magnitude. Sekaran and Bougie (2016) indicate that the correlation coefficient represents the strength and direction of the relationship which is computed through a formula that is considerate of the two groups of figures. A correlation could vary from -1.0 to +1.0 whereby the negative coefficient represents the negative correlation between two variables and a positive coefficient represent the positive correlation between two variables. Pearson correlation analysis was used to comprehend the relationship between business skills and competitiveness of the business in the first year of operation. Subsequently, linear regression analysis was applied and all tests, the significance level was set on $p < 0.05$.

5.3.5.1. Correlations

Person correlation analysis was used to indicate direction, significance, and strength of bivariate relationships between the high failure rate of businesses in the first year of operation and business skills. Significant relationships are presented either through * or ** and values without an * or p-values more than 0.05, do not have a significant relationship. Furthermore, negative values entail a contrary relationship of a variable.

Objective one: Identified contributory forces that contribute towards the failure of businesses in the first year.

Table 5.9: Correlations of contributory forces

		Inadequate industry analysis	Influence of the business environment	Inadequate implementation of business strategy	Inadequate financial forecasting	Scarcities of financial resources	Inadequate accessibility of start-up capital	Weak execution marketing strategies	Inadequate marketing research	Lack of brand equity	Poorly developed business plan
Inadequate industry analysis	Pearson Correlation	1	.441**	.349**	.404**	.419**	.445**	.439**	.466**	.416**	.425**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	N	402	402	402	402	402	401	401	400	402	402
Influence of business	Pearson Correlation	.441**	1	.284**	.344**	.280**	.363**	.368**	.395**	.426**	.348**

environment	Sig. (2-tailed)	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	N	402	402	402	402	402	401	401	400	402	402
Inadequate implementation of business strategy	Pearson Correlation	.349**	.284**	1	.380**	.351**	.376**	.337**	.384**	.364**	.396**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000
	N	402	402	402	402	402	401	401	400	402	402
Inadequate financial forecasting	Pearson Correlation	.404**	.344**	.380**	1	.311**	.333**	.331**	.321**	.373**	.402**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000
	N	402	402	402	402	402	401	401	400	402	402
Scarcities of financial resources	Pearson Correlation	.419**	.280**	.351**	.311**	1	.329**	.337**	.366**	.357**	.367**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000
	N	402	402	402	402	402	401	401	400	402	402

Inadequate accessibility of start-up capital	Pearson Correlation	.445**	.363**	.376**	.333**	.329**	1	.255**	.299**	.354**	.458**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000
	N	401	401	401	401	401	401	400	399	401	401
Weak execution marketing strategies	Pearson Correlation	.439**	.368**	.337**	.331**	.337**	.255**	1	.414**	.417**	.287**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000
	N	401	401	401	401	401	400	401	399	401	401
Inadequate marketing research	Pearson Correlation	.466**	.395**	.384**	.321**	.366**	.299**	.414**	1	.319**	.336**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000
	N	400	400	400	400	400	399	399	400	400	400

Lack of brand equity	Pearson Correlation	.416**	.426**	.364**	.373**	.357**	.354**	.417**	.319**	1	.389**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
	N	402	402	402	402	402	401	401	400	402	402
Poorly developed business plan	Pearson Correlation	.425**	.348**	.396**	.402**	.367**	.458**	.287**	.336**	.389**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
	N	402	402	402	402	402	401	401	400	402	402

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5.9: Correlations of contributory forces

Source: Field data (2019)

The correlation of contributory forces aimed at Table 5.9 measures the relationship on identified contributory forces to the failure of businesses in the first year of operation. In the first force which is inadequate industry analysis, is positively moderately correlated relative to other contributory forces with Pearson correlation coefficient between 0.400 and 0.600 and statistically significant of 0.000. Inadequate implementation of business strategy is the only force that is positively poorly correlated with the Pearson correlation coefficient of 0.349 relative to inadequate industry analysis and statistically significant of 0.000. Inadequate industry analysis and lack of brand equity are positively moderately correlated to the influence of the business environment which is the second force with Pearson correlation coefficient of 0.441 and 0.426 respectively and statistically significant of 0.000. The remaining contributory forces relative to the influence of the business environment to failure of businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000.

The correlation between the inadequate implementation of business strategy and remaining identified contributory forces to failure of businesses in the first year of operation is equated weak with Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000 in the third force. Fourth variable in Table 5.9 articulate that inadequate industry analysis and poorly developed business plans are positively moderately correlated to inadequate financial forecasting relative toward other contributory forces with Pearson correlation coefficient of 0.404 and 0.402 respectively and statistically significant of 0.000. The remaining contributory forces relative to inadequate financial forecasting on the failure of businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000. Scarcities of financial resources are positively moderately correlated to inadequate industry analysis which is the fifth force with a Pearson correlation coefficient of 0.419 and statistically significant of 0.000. The remaining contributory forces relative to scarcities of financial resources to failure of businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000.

In the sixth force, inadequate industry analysis and poorly developed business plans are positively moderately correlated relative to inadequate accessibility of start-up capital with Pearson correlation

coefficient of 0.445 and 0.458 respectively and statistically significant of 0.000. The remaining contributory forces relative to inadequate accessibility of start-up capital on the failure of businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000. Weak execution marketing strategies that the seventh force which is identified contributory forces to failure of businesses in the first year of operation is equated positively moderately correlated to inadequate industry analysis, inadequate marketing research and lack of brand equity with Pearson correlation coefficient of 0.439, 0.414 and 0.417 respectively. The remaining contributory forces relative to weak execution marketing strategies on the failure of businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000.

In eight forces, which is inadequate marketing research remains positively moderately correlated to inadequate industry analysis and weak execution marketing strategies with Pearson correlation coefficient of 0.466 and 0.414 respectively and statistically significant of 0.000. The remaining contributory forces relative to inadequate marketing research on the failure of businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000. Inadequate industry analysis, influence of business environment and weak execution marketing strategies are positively moderately correlated to lack of brand equity which is the ninth force with Pearson correlation coefficient of 0.416, 0.426 and 0.417 respectively and statistically significant of 0.000. The remaining contributory forces relative to lack of brand equity on the failure of businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000.

A poorly-developed business plan which is the last force tested for correlation and is positively moderately correlated to inadequate industry analysis, inadequate financial forecasting and inadequate accessibility of start-up capital with Pearson correlation coefficient of 0.425, 0.402 and 0.458 respectively and statistically significant of 0.000. The remaining contributory forces relative to poorly developed business plans on the failure of businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000.

Objective two: Identified business skills that are significant towards the survival of businesses in the first year.

Table 5.10: Correlations of business skills

		Monitoring of cash flows cycles	Monitoring of profitability	Identification of external opportunities	Customers 'segmentation	Price competitiveness	Cost competitiveness
Monitoring of cash flows cycles	Pearson Correlation	1	.395**	.278**	.342**	.476**	.420**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000
	N	402	402	402	402	402	402
Monitoring of profitability	Pearson Correlation	.395**	1	.212**	.395**	.462**	.390**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000	0.000
	N	402	402	402	402	402	402
Identification of external opportunities	Pearson Correlation	.278**	.212**	1	.240**	.230**	.331**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.000
	N	402	402	402	402	402	402
Customers 'segmentation	Pearson Correlation	.342**	.395**	.240**	1	.330**	.290**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.000

	N	402	402	402	402	402	402
Price competitiveness	Pearson Correlation	.476**	.462**	.230**	.330**	1	.306**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.000
	N	402	402	402	402	402	402
Cost competitiveness	Pearson Correlation	.420**	.390**	.331**	.290**	.306**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
	N	402	402	402	402	402	402

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5.10: Correlations of business skills

Source: Field data (2019)

Table 5.10 presents a relationship on identified business skills that are significant to the survival of businesses in the first year of operation. The first identified business skills significance to the survival of businesses in the first year of operation, which is monitoring of cash flow cycles is positively moderately correlated to price competitiveness and cost competitiveness with Pearson correlation coefficient of 0.476 and 0.420 respectively and statistically significant of 0.000. Monitoring of profitability, identification of external opportunities and customers 'segmentation are positively poorly correlated to the monitoring of cash flow cycles with Pearson correlation coefficient of 0.395, 0.278 and 3.42 respectively and statistically significant of 0.000. Monitoring of profitability which is the second identified business skill significance to the survival of businesses in the first year of operation positively moderately correlated to price competitiveness with Pearson correlation coefficient of 0.462 and statistically significant of 0.000. The remaining identified business skills significance to the survival of

businesses in the first year of operation are positive poorly correlated with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000.

The third correlation between identification of external opportunities and remaining identified business skills significance to the survival of businesses in the first year of operation is equated weak with Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000. The fourth correlation between customers 'segmentation and remaining identified business skills significance to the survival of businesses in the first year of operation is equated weak with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000. Monitoring of cash flow cycles and monitoring of profitability is positively moderately correlated to price competitiveness which is the fifth identified business skills significance to the survival of businesses in the first year of operation with Pearson correlation coefficient of 0.476 and 0.462 respectively and statistically significant of 0.000. Remaining identified business skills significance to the survival of businesses in the first year of operation relative to price competitiveness is equated weak with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000. Cost competitiveness which is the last variable tested for correlation and identified business skills significance to the survival of businesses in the first year of operation is positively moderately correlated to the monitoring of cash flow cycles with Pearson correlation coefficient of 0.420 and statistically significant of 0.000. Remaining identified business skills significance to the survival of businesses in the first year of operation relative to price competitiveness is equated weak with the Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000.

Objective three: Influence business skills on business competitiveness in the first year.

Table 5.11: Correlations of influential business skills

		Identifying threats	Out-competin g rivals	Competitivene ss in the industry	Devised strategies to eradicate business challenge s	Bookkeepi ng (Recording of financial transactions)
Identifying of threats	Pearson Correlation	1	.405**	.404**	.462**	.445**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	402	402	402	402	402
Out-competing rivals	Pearson Correlation	.405**	1	.300**	.353**	.401**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	402	402	402	402	402
Competitiveness in the industry	Pearson Correlation	.404**	.300**	1	.371**	.415**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	402	402	402	402	402
Devised strategies to eradicate business challenges	Pearson Correlation	.462**	.353**	.371**	1	.364**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	402	402	402	402	402
Bookkeeping (Recording of financial transactions)	Pearson Correlation	.445**	.401**	.415**	.364**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	402	402	402	402	402

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5.11: Correlations of influential business skills

Source: Field data (2019)

The relationship between influential business skills is presented in Table 5.11. In the first identified business skills influential towards performance of businesses in first year of operation which is identifying of threats equated positively moderately to out-competing rivals, competitiveness in the industry, devised strategies to eradicate business challenges and bookkeeping (Recording of financial transactions) with Pearson correlation coefficient of 0.405, 0.404, 0.462 and 0.445 respectively and statistically significant of 0.000. Second, identified business skills influential towards the performance of businesses in the first year of operation which is out-competing rivals equated positively moderately to identifying of threats and bookkeeping (Recording of financial transactions) with Pearson correlation coefficient of 0.405 and 0.401 respectively and statistically significant of 0.000. Competitiveness in the industry and devise strategies to eradicate business challenges are positively weakly poorly correlated with the Pearson correlation coefficient of 0.300 and 0.353 respectively relative to out-competing rivals and statistically significant of 0.000.

Identifying threats and Bookkeeping (Recording of financial transactions) are positively moderately correlated to competitiveness in the industry which is the third identified business skills influential towards the performance of businesses in the first year of operation with Pearson correlation coefficient of 0.404 and 0.415 respectively and statistically significant of 0.000. Remain positively weak correlated to out-competing rivals and devised strategies to eradicate business challenges with Pearson correlation coefficient of 0.300 and 0.371 respectively and statistically significant of 0.000. Devised strategies to eradicate business challenges which are the second last identified business skills influential towards the performance of businesses in the first year of operation only positively moderately correlated to identifying of threats with Pearson correlation coefficient of 0.462 and statistically significant of 0.000. Remain positively weak correlated to out-competing rivals, competitiveness in the industry and bookkeeping (Recording of financial transactions) with Pearson correlation coefficient of 0.353, 0.371 and 0.364 respectively and statistically significant of 0.000. Bookkeeping (Recording of financial transactions) which is the last identified business skills influential towards the performance of businesses in the first year of operation is positively moderately correlated to identifying of threats, out-

competing rivals and competitiveness in the industry with Pearson correlation coefficient of 0.445, 0.401 and 0.415 respectively and statistically significant of 0.000. Remain positively weak correlated to devise strategies to eradicate business challenges with a Pearson correlation coefficient of 0.364 and statistically significant of 0.000.

Objective four: Identify the strength and direction of the relationship between business skills and competitiveness of business in the first year.

Table 5.12: Correction of business skills and competitiveness

		Sustaining business strategies	Developing new product lines	Creating a niche market	The positioning of the business in the market
Sustaining business strategies	Pearson Correlation	1	.367**	.366**	.441**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	402	402	402	402
Developing of new product lines	Pearson Correlation	.367**	1	.315**	.390**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	402	402	402	402
Creating niche market	Pearson Correlation	.366**	.315**	1	.336**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	402	402	402	402
Positioning of the business in market	Pearson Correlation	.441**	.390**	.336**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	402	402	402	402

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5.12: Correction of business skills and competitiveness

Source: Field data (2019)

The last correlation business skills and competitiveness aimed at Table 5.12 measure strength and directions of business skills on the performance of businesses in the first year of operation. Sustaining business strategies equated positively moderately to the positioning of the business in the market with a Pearson correlation coefficient between 0.441 and statistically significant of 0.000. Developing new product lines and creating a niche market is positively poorly correlated with the Pearson correlation coefficient of 0.367 and 0.366 respectively relative to sustaining business strategies and statistically significant of 0.000. The correlation between the developing of new product lines and sustaining business strategies, creating a niche market and positioning of the business in the market is equated positively weak with the Pearson correlation coefficient of 0.367, 0.315 and 0.390 respectively with statistically significant of 0.000.

The correlation between creating a niche market and sustaining business strategies, developing new product lines and positioning of the business in the market is equated positively weak with the Pearson correlation coefficient of 0.366, 0.315 and 0.336 respectively with a statistically significant of 0.000. Sustaining business strategies is only positively poorly correlated with the Pearson correlation coefficient of 0.441 relative to the positioning of the business in the market and statistically significant of 0.000. Developing new product lines and creating a niche market are equated positively weak with the Pearson correlation coefficient of 0.390 and 0.336 respectively with a statistically significant of 0.000.

5.3.6. Factor analysis

According to Sekaran and Bougie (2016), factor analysis constructs questionnaires to measure underlying variables and reduction of data set towards manageable size additionally retaining original information as possible. The predictor-criterion relationship that was found in the dependence situation is replaced through a matrix of intercorrelations among several variables, none of which is viewed as being dependent on another. (Cooper and Schindler, 2012, p. 577). According to Cooper and Schindler (2012), factor analysis is mostly used through principal components analysis approach. The technique transforms a group of variables into a new group of composite variables or principal components which are not correlated with each other. Factor analysis was conducted on a correlation matrix in order to identify factors that potentially impact the survival of businesses in the first year of operation.

Furthermore to decrease the number of every variable in each factor to a considerably reduced set of variables that are influential to the survival of businesses in the first year of operation.

Table 5.13: KMO and Bartlett’s Tests

Construct	Kaiser-Meyer-Olkin	Sig.
Contributory forces	0.914	0.000
Competitive variables	0.808	0.000
Influence of business skills on performance	0.813	0.000
Relationship between business skills and performance	0.744	0.000

Table 5.13: KMO and Bartlett’s Tests

Source: Field data (2019)

5.3.6.1. Kaiser-Meyer-Olkin

Creswell (2014) indicates Kaiser-Meyer-Olkin (KMO) as a test that measures sampling adequacy of each variable and indicates a proportion of variance on variables that might be a result of underlying factors. According to Field (2019), KMO is calculated for both individual and multi variables and embodies the ratio of squared correlation amongst variables to squared partial correlation amongst variables and KMO statistic ranges amongst 0 and 1. The value of 0 specifies that the sum of partial correlations is large comparative to sum of correlations, representing diffusion in the pattern of correlations. Whereas value closes to 1 specifies that patterns of correlations are comparatively compact and so factor analysis would yield distinct and reliable factors. Kaiser-Meyer-Olkin was conducted to test sampling adequacy towards comparing magnitudes of the correlations coefficients observed in relative to magnitudes of the partial correlation coefficients. KMO values higher than 0.5 are defined as adequately and greater than 0.8 is excellent due to correlations between a set of variables (potential factors) that can be described through other variables. Table 5.18 presented contributory forces that have a score of 0.914, competitive variables (0.808), the influence of business skills on performance (0.813) and the relationship between business skills and performance (0.744).

5.3.6.2. Communality

Cooper and Schindler (2012), indicates that total variance for a precise variable in the matrix has two

components: Whereby some are shared with other variables or measure (common variance) and some are specific to the measure (unique variance) and proportion of common variance present in a variable is known as a commonality. Communalities varies between zero to one. A value of zero indicates that common factors do not describe any variance; whereas one indicates that common factors describe all the variances. All the above-cited constructs have a score of one which designates that common factors explain all variances.

5.3.6.3. The eigenvalues

According to Cooper and Schindler (2012), the process of determining the number of factors to keep is defined as extraction. Eigenvalue interlinked with a variant designate substantive importance of the factor. Eigenvalues are defined as the aggregate variance described through each factor. Each ‘_factor’ with an Eigenvalue of less than one does not have adequate aggregate variance described to represent a unique factor and hence has to be disregarded.

- The eigenvalues for contributory forces, components 2 through 10 are disregarded from the analysis for having eigenvalues less than 1.0.
- The eigenvalues for competitive variables, components 2 through 6 are excluded from the analysis for having eigenvalues less than 1.0
- The eigenvalues for the influence of business skills on performance, components 2 through 5 are eliminated from the analysis for having eigenvalues less than 1.0
- The eigenvalues for the relationship between business skills and performance, components from 2 through to 4 are disregarded from the analysis for having eigenvalues less than 1.0.

5.3.7. Regression analysis

According to Sekaran and Bougie (2016), regression analysis is used in a condition whereby one independent variable is hypothesized to influence on a dependent variable. There are two types of regression analysis which are simple regression analysis and multi regression analysis. Simple and multi regression analysis are similar however multiple regression analysis is a multivariate technique often used for business research. “Multiple regression analysis provides a means of objectively assessing the degree and the character of the relationship between the independent variables and the dependent variable: the regression coefficients indicate the relative importance

of each of the independent variables in the prediction of the dependent variable.” (Sekaran and Bougie, 2016, p. 317). Regression analysis was conducted on factor analysis to determine the strength and direction of business skills and survival in the first year of operation. Factor analysis was used to build the Business Bootstrapping Model. Multiple regression model was used to test the strength and direction of business skills and survival of businesses in the first year of operation. The strength of business skills and survival of business in first of operation are presented in Table 5.14.

Table 5.14: Multiple regression analysis

Model	Dependent variable	Independent variable	Beta Coefficient	F-calculated	p-value
1	Sustaining business strategies	Monitoring of cash flows cycles	0.360	96.526	0.000
		Identifying of threats	0.321	96.526	0.000

Table 5.14: Multiple regression analysis

Source: Field data (2019)

Table 5.14 shows the strength of the correlation is a strong positive relationship between monitoring of cash flow cycles and identifying threats skills and sustaining business strategies that contribute to survival in the first year of operation. In addition, sustaining business in the first year of operation is described with monitoring of cash flow cycles and identifying threats skills. Therefore survival of businesses in the first year of operation is strongly depended on the acquisition of monitoring of cash flow cycles and identifying threats skills. As presented in Table 5.14 F-test aimed to test the global significance of the model. All the F scores for monitoring of cash flow cycles and identifying threats skills and sustaining business strategies are moderately too high. The model is significant as a result of high F values, highest beta coefficients, and low corresponding p values.

5.4 Summary

This chapter presented empirical findings in relation to current challenges that influenced the survival of

businesses in the first year of operation in South Africa, with propositions concomitant to research questions. Themes emerged with relevance to data provided by participants. Several statistical analysis tools that comprise reliability, correlation and factor were used to identify factors that potentially impact the survival of businesses in the first year of operation.

The next chapter provides analysis and interpretation of the findings with relevance to both existing literature and data provided by participants.

CHAPTER SIX: ANALYSIS AND DISCUSSION OF FINDINGS

6.1. Introduction

The previous chapter presented the results of findings obtained through interviews and questionnaires. This chapter analyse and discuss the results of findings presented in chapter five with respect to current challenges that influence the survival of businesses in the first year of operation in South Africa. The chapter analysis and discussion in accordance with propositions interrelated to research questions. The analysis and discussion of findings aimed to widen the meaning of findings, explore challenges and relations that underlined in the problem statement. Furthermore, findings are analysed and discussed separately. This chapter is divided into two main sections. The first analysis and discussion are qualitative interviews findings and categorised into study objectives. The second analysis and discussion are quantitative and categorised in relation to study objectives. Statistical techniques used in the previous chapter for data presentation is further applied to a condensed large volume of data into a few summary measures in relation to study objectives. The condensed data is to identify any patterns and relationships between the business skills and performance of the business in the first year of operation. Thereafter, a contextual with literature is provided to articulate findings further.

6.2. Qualitative analysis

The findings for qualitative results presented in the previous chapter are analysed and discussed in this section. The analysis and discussion of findings are categorised in relation to the study objectives and themes that emerged in the previous chapter.

6.2.1. Contributory factors towards the failure of businesses in the first year of operation

The first theme aimed to investigate forces that negatively contribute to business competitiveness in the first year of operation. The findings from the majority of participants indicated that the main obstacles business faces in the first year of operation are the accessibility of capital and lack of financial resources to manage account receivables. Inadequacy of accessibility of capital responses is congruent with Global Entrepreneurs Monitor (2016) that poor accessibility of capital cripples the SMEs sector due to vast majority of South Africa citizen does not have any substantial personal savings. Participants articulated that poor accessibility of capital have negatively impacted working capital relative to acquisition of raw materials, advanced technological machinery which is a viable asset to costs optimisation especially businesses with intensity on operation costs in the innovative industry, restrictive of flexibility on the credit facility to

customers and in addition resources for penetration of the new market shares. Furthermore, inadequate accessibility of capital influenced the elasticity of the business's short-term financial policies. Participants indicated that due to restrictive on financial resources, the business struggled to attain optimal investment level in relation to a trade-off between carrying costs and shortage costs.

Participants stated that the daily operation of the business is dedicated to cash disbursements. This resulted in a substantial huge imbalance between inflows and outflows of cash due to limited financial resources. As there is a high percentage of cash outflows and is mostly for payments of account payables and other expenses such as the acquisition of raw materials. A high percent of account payables as participants articulated had exposed the business to bad-debt risks. Participants elaborated further that net cash inflow deficits lengthen operating cycle and account payables and lack of accessibility of capital is disadvantageous to bridge the gap between short-term inflows and outflows. The lengthened of operating cycles resonate from bloated accounts receivables which is entwined with late payments from customers which participants' pointed out as prejudicial to the management of account receivables, create competitive vulnerability on business profit margins and causes distress on working capital of the business. In accordance with Ribas (2014), late payments contribute to liquidity constraints of the business, furthermore bad debts that resulted from limited financial resources to recover cash from debtors negatively impact the survival of business in the first year of operation. Responses and literature both outline that late payments from debtors and inadequacy of capital create a ripples effect which is detrimental towards the survival of businesses in the first year of operation.

Participants stated that fierce competitive pressures interconnected with persistently fuel increases, VAT increase, limited resources, cost and resource disadvantages and price collusion among established businesses affected the price competitiveness of the business products. Participants indicated that cost competitiveness of the business which is interspersed with the survival of business in the first year of operation due to internal costs and supplier-related cost disadvantages and forward channel allies to attain win-win opportunities with suppliers to reduce costs is a problem. Furthermore, participants pointed out that challenges slowdowns sales growth and sub-par business performance in the first year of operation. According to Agbenyegah (2013), fixed costs are a prerequisite for the survival of the operation of the business. Failures to cover fixed costs as an end result of expenses such as high turbulence of competition and an increase of fuel impact negatively on the earnings of businesses. The literature and responses are congruent with each other as both stipulate that a lack of financial resources

has an impact on the price competitiveness of the business products and costs competitiveness of the business. Participants indicated that government agencies initiatives that are mandated to eradicate scantiness of capital and provides improvement in the competitiveness of the business in the first few years of operation are associated with red tape and only provide financial assistance on purchase orders of minimum capital of R50 000.

The conundrum in the toil of accessibility of capital and survival of a business, participants pointed out that only resolution is micro-financing. Micro-financing has fewer requirements for accessibility of capital and the capital can range from a minimum of R500 and is mostly without collateral contrasts to traditional financial institutions. According to Gichuki et al. (2014), difficulty in credit accessibility from lenders/financial institutions results in credit and liquidity constraints, due to strict requirements of lenders in reference to hedging contrary to borrowers' risks through arduous collateral. Participants articulated further that accessibility of capital from micro-financing leads to inconsequential profit margins of the business due to high-interest rates linked to capital. South African recent recession which stemmed from high inflation and frequently increases of repo rates instigated depreciation of the Rand, forced businesses to diversified focus on the survival of business through ensuring that business is operational unrespectable of dampening down of business profit margins participants pointed out. Hill (2014) indicates that in accordance with the Purchasing Power Parity theory (PPP) there is a correlation between exchange rate, interest rates, and inflation. There's a relationship between literature and responses; which is substantiation as both indicate that businesses struggle to grow and be sustainable as a result of the difficulty in the accessibility of capital due to collateral traditional financial institutions and business conditions which are exchange rates, interest rate, and inflation.

6.2.2. Construction of competence in the first year of operation

The second theme aimed to identify factors that are significant to the survival of businesses in the first year of operation. The findings indicated that participants to reduce the impact of a microenvironment and microenvironment forces that are influential to the survival of business in the first year of operation were through past experience in the industry. The experience was identified as a significant asset to build business strength and for the attainment of competitive superiority in the industry. Additionally, experience in the industry abetted on the identification of competitive deficiencies whereby market opportunities relatives of entering and penetrating the new market and market growth emerged. Participants articulated that penetration to the existing market associated with product substitutions on

consumers from well-established brands is challenging. However; as new business participants pointed out those competitive deficiencies through experience in the industry are transformed into market opportunities and played a significant role in targeting small markets such as niche markets that established businesses neglected. Kotler and Keller (2013) assert that businesses that enter the market through niche relative to the whole market, such business surges probabilities for survival. Responses and literature both outline the significance of niche markets as a survival strategy for new businesses.

Participants enunciated that informal learning such as webcasting, interactive videos, web-based training, and mobile technologies was used as knowledge management networking. According to Neo, Hollenberck; Gerhart and Wright (2012). Knowledge management encompasses thousands of groups of individuals from different industries through knowledge sharing such as online blogs and interacting with other individuals from different spheres. Participants articulated that knowledge management networking played a significant role in being informative relative to the latest product knowledge information of the business offerings and exposure from expecting in areas that are a hindrance to the survival of the business. Whereas; formal training, participants pointed out as a driving vehicle to build the competitiveness of the business. The formal training contributed to technical skills that focused on designs and technical specifications of product offerings of the business; in addition marketing, financial and costs management assisted in a setting of product strategies of business offerings. According to Global Entrepreneurship Monitor (2015/16), training programs equip businesses with entrepreneurial competencies that are significant to be competitive in a business environment. There a linkage between responses and literature as both indicate that training enhances the competitiveness of the business. Participants indicated that competitive dynamics that threaten the survival of the business were condensed through cultivating customer relationships which enabled customer reviews and recommendations and registration with accredited bodies in the industry.

6.2.3. Association of business skills in the first year of operation

The third theme aimed to identify the influence of business skills on the performance of the business in the first year of operation. The findings indicated that participants struggled to improve financial health relative to limited financial resources is creating an obstacle for the survival of the business. Accounting skills deficit to mitigate translation and transaction exposure from the fluctuation of the foreign exchange market which is influential to the competitiveness of the business is a major problem

participant enunciated. Furthermore, participants stated that crafting financial strategies to improve the liquidity of the business with restricted financial resources is an obstacle towards the survival of the business. Participants pointed out that developing and interpreting financial statements and record-keeping of financial records is challenging due to bookkeeping skills deficiency. Siekei et al. (2013) state that monitoring of inflows and outflows of cash plays an important role in the management of the business especially to businesses that have limited financial resources and Chelimo and Sophia (2014) articulate bookkeeping as records keeper of business financial transitions. There's a relationship between literature and responses; which is authentication as both indicate that eradication of some of the hindrances to the survival of businesses in the first year is through the acquisition of accounting and bookkeeping skills.

Participants pointed out that mastering pricing strategy skills scarcity to response to competitors' price defensive strategies is a hindrance to the survival of the business. More delegated skills to assists in brand positioning and advertising of business offerings to improve the competitiveness of the business, participants stated still a major problem. Participants articulated as technical oriented and there's project management insufficiency in the business to assist with conducting product feasibility, business forecasting, and contract negotiations. Karanja et al. (2013) indicate that management capabilities are a key critical contributor towards the survival of emerging micro businesses especially in the first year of operation. Management skills equipped with emerging business owners with skills to strategically plan for the business. Participants identified marketing and financial skills as significant skills in the business. Participants articulated that marketing skills as a driving vehicle towards the competitiveness of the business especially entering and penetration of the new market shares. Participants articulated further that without marketing the business is non-existence. Financial skills as suitable skills needed to adequately manage limited resources. DeTienne, and Chandler (cited in Ruhui, Ngugi, and Waititu (2014) states that due to scarcity of financial resources in the early life stage of micro businesses; financial management skills is the framework for business survival. The literature and responses are congruent with each other as both stipulate significances of business skills to adequately administer business resources and effectively achieve business goals.

The last theme aimed to identify a correlation between business skills on the performance of a business

in the first year of operation. The findings indicated that participants' technical skills build differentiated features to outcompeting competitors. Participants pointed out technical skills are further used as a marketing tool to market competitiveness of the business. Participants stated that distinctive preferences designed with unique product attributes are used for pursuing a market niche that well-established businesses targeted and to be competitive. Product and service quality are used as a tool for creating long-term loyal customer relationships and as a marketing tool (Word of mouth), results in customer satisfaction which is a fundamental key for business competitiveness participants indicated. Hough et al. (2015) indicated business competency plays a significant role to produce a competitive edge in the marketplace and Kotler and Keller (2013) state that customers use Word of mouth to dialogue almost dozen of brands and is an effective tool for smaller businesses. Responses and literature both outline the significance of distinctive competence as a survival tool for new businesses. Participants indicated strategic alliances with other businesses with the same mutual interest in contractual agreements are mostly used to be competitive. Strategic alliances were used to collaborate on financial resources by sharing fixed costs to acquire business contracts. According to Hill (2014), a strategic alliance is a useful tool to bring together complementary skills and assets that neither business might easy develop. The literature and responses are congruent with each other as both stipulate the importance of collaboration to attain business objectives.

Participants articulated that experience in the industry is used as a competitive edge to address challenges that threaten the success of the business. The majority of business problems that have been encountered in the business are recurrences of issues or problems experienced previously in the industry before business start-up; consequently, previous experience played a role in resolution participants articulated. Participants pointed out that acquired skills were used to mitigate business objectives that are challenging to implements. Participants indicated that addressing financial resource challenges was through cost optimisations. Reduction of the percent on profit sharing on business owners and decreasing business profit margins are used to increase the working capital of the business participants stated. Developed a close relationship with forwarding channel allies to reduce costs through win-win opportunities participants indicated.

6.3. Quantitative analysis

In this section, the primary findings presented in the previous chapter are categorised in relation to study

objectives. The categorised findings are further analysed and discussed relative to the statistical techniques used in the previous chapter.

6.3.1. Demographic data

The demographic findings indicated middle-aged (30-39) dominated age respondents in the study. The findings are congruent with SEDA (2017) that dominates the age of business owners who are older than 35 years. Gender classification findings directed males as dominate gender respondents in the study. The findings are congruent with the score on Global Entrepreneurs Monitor (2016) report articulating males with the highest Total Entrepreneurial Activity. Dominant ethnicity responded is Blacks. The findings are congruent with SEDA (2017) that the dominate ethnicity group is blacks. Total gross assets of business owners with capital and/or assets in the first year of operation, exclusion of fixed property was R20 000-R39 999. The findings are congruent with Old mutual (2017) articulating low personal savings in South Africa.

6.3.2. Objective one: Identified contributory forces that contribute towards the failure of businesses in the first year

To increase the validity of the findings Table 5.3 was a test used to measure the consistency of identified contributory forces towards the failure of businesses in the first year of operation. The score of 0.857 stipulated good consistency in identified contributory forces towards the failure of businesses in the first year of operation. The reliability of the internal consistency of identified contributory forces towards the failure of businesses in the first year of operation was tested and validated through correlation analysis of contributory forces deferred in Table 5.9. Inadequate industry analysis is the first and only force that has the highest correlation relative to other identified contributory forces towards the failure of businesses in the first year of operation. The highest correlated of inadequate industry analysis relative to other identified contributory forces are congruent with the highest percent of 54.5 on frequency distribution deferred in Table 5.5 relative to other identified contributory forces towards the failure of businesses in the first year of operation. Inadequate industry analysis from both analyses (correlation analysis and frequency distribution) is articulated as dominant relative to other identified contributory forces towards the failure of businesses in the first year of operation.

The findings are congruent with Hough et al. (2015) that failure to examine competitive forces in the industry and pursuing strategic options that allow sales growth adequately to further remains cost-

competitive with large-volume competitors and small-scale businesses are detrimental towards the survival of businesses in the first year of operation, in South Africa. This means inadequate industry analysis influential force towards the high failure rate of businesses in the first year of operation. As forming in the literature industry analysis is of importance on business positioning in the market place in the first year of operation. Based on the above evidence inadequate industry analysis is detrimental to the survival of businesses in the first year of operation. There a weak positive relationship between inadequate industry analysis and inadequate implementation of business strategy. This means that although inadequate implementation of business strategy is a contributory factor towards the failure of businesses in the first year of operation. However; not an influential force towards the high failure rate of businesses in the first year of operation. As forming in the literature implementing and executing business strategy is primarily centered on the management of people and governance and business process. Despite, weak positive relationship between inadequate industry analysis and inadequate implementation of business strategy, 42.8 percent of respondents in frequency distribution table 5.5 is articulated as an extremely influential force towards the failure of businesses in the first year of operation. Hough et al. (2015) assert linkage between 42.8 percent from frequency distribution table 5.5 and successful strategy depended on solid industry and competitive analysis of the business. Based on the above evidence inadequate implementation of business strategy contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation.

Influence of the business environment, the second force is moderately correlated to inadequate industry analysis and a lack of brand equity. The moderately correlated scoring is interconnected with frequency distribution deferred in Table 5.5 as responses are almost evenly distributed with a percent of 54.5 and 42.3 respectively as extremely influential towards the failure of businesses in the first year of operation. The influence of the business environment from both analyses (correlation analysis and frequency distribution) is articulated as less dominant with 39.1 percent responses as presented in Table 5.5 relative to inadequate industry analysis and lack of brand equity towards the failure of businesses in the first year of operation. The findings are congruent with Hough et al. (2015) that brand equity plays a significant role in businesses entering the new market place through the creation of preference for business products and/or services. Gundala et al. (2014) with Hough et al. (2015) assert that a lack of comprehensive understanding of the business industry and competitive environment as a tool for analytically diagnoses for competitive pressure is detrimental for the survival of businesses in the first

year of operation. According to Brown (2014), the influence of the business environment is subjected to business responsive to change. This means inadequate industry analysis and lack of brand equity are extremely influential relative to the influence of the business environment. As forming in the literature inadequate industry analysis and lack of brand equity have a negative impact on diagnosing competitive pressures which is a prerequisite for survival in the first year of operation relative to the influence of the business environment. Based on the above evidence the influence of the business environment contributes towards the high failure rate of businesses in the first year of operation. However; not as influential compared to inadequate industry analysis and lack of brand equity. There a weak positive relationship between the influence of the business environment and other remaining identified contributory forces detrimental towards the survival of businesses in the first year of operation. This means that although the influence of the business environment is a contributory factor towards the failure of businesses in the first year of operation. However; not an influential force relative to other identified contributory forces that are detrimental towards the high failure rate of businesses in the first year of operation. As forming in the literature influence of the business environment is adaptively orientated for business survival and not analytic of competitive forces for the business and strategic emphasis which improves survival of businesses' first year of operation. Despite, weak positive relationship between the influence of the business environment and other remaining identified contributory forces, 39.1 percent of respondents in frequency distribution table 5.5 is articulated as a highly influential force towards the failure of businesses in the first year of operation. Brown (2014) asserts linkage between 39.1 percent from frequency distribution table 5.5 as lack of adaptive towards environment businesses are less likely to survive in the first year of operation. Established on the above evidence influence of the business environment contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation.

There a weak positive relationship between inadequate implementation of business strategy and remaining identified contributory forces to failure of businesses in the first year of operation in the third force. This means that although inadequate implementation of business strategy is a detrimental factor in the failure of businesses in the first year of operation. However; not an influential force towards the high failure rate of businesses in the first year of operation. As forming in the literature implementation of business strategy are operations-oriented and centered on skills to execute business strategies. Although there is a weak positive relationship between inadequate implementation of business strategy and remaining identified contributory forces, 42.8 percent of respondents in frequency distribution table

5.5 is articulated as an extremely influential force towards the failure of businesses in the first year of operation. Hough et al. (2015) emphasise the relationship between 42.8 percent from frequency distribution table 5.5 and the implementation of business objectives. Based on the above evidence inadequate implementation of business strategy has an impact on the high failure rate, however not a prominent force that is detrimental to the survival of businesses in the first year of operation. Inadequate financial forecasting the fourth force is moderately correlated to inadequate industry analysis and poorly developed business plan. The moderately correlated score is congruent with 54.5 and 38.3 percent from frequency distribution deferred in Table 5.5 as highly influential towards the failure of businesses in the first year of operation.

Inadequate financial forecasting from both analyses (correlation analysis and frequency distribution) is articulated as dominant with 47.3 percent responses as presented in Table 5.5 relative to poorly developed business plans towards the failure of businesses in the first year of operation. The findings are congruent with Agwu and Emeti (2014) state that due to business plan identified as an important determinant, business plan not incorporated into business operations has an influence on businesses envisage future performance and/or adaptive strategies. According to Mungal and Garbharran (2014), inadequate accessibility of capital, inadequate cash management as contributing factors towards high failure rate, lack of planning on cash inflows and cash outflows creates liquidity constraints on businesses in the first year of operation. This means liquidity constraint mostly resonates from inadequate planning and is influential towards business growth, sustainability, profitability and survival in the first year of operation. As forming in the literature inadequate financial forecasting, inadequate industry analysis and poorly developed business plan are important on liquidity which is a contributing force on high failure rate in the first year of operation. Based on the above evidence inadequate financial forecasting contribute towards the high failure rate of businesses in the first year of operation. However; not as influential compared to inadequate industry analysis. There a weak positive relationship between inadequate financial forecasting and remaining identified contributory forces with Pearson correlation coefficient between 0.200 and 0.399 and statistically significant of 0.000. This means that although inadequate financial forecasting is a contributory factor towards the failure of businesses in the first year of operation. However; not an influential force relative to other identified contributory forces that are detrimental towards the high failure rate of businesses in the first year of operation. As forming in the literature inadequate financial forecasting is predominantly focused on business anticipation of possible problems which improves the survival of businesses' first year of

operation. Despite, weak positive relationship between inadequate financial forecasting and remaining identified contributory forces, 47.3 percent of respondents in frequency distribution table 5.5 is articulated as an extremely influential force towards the failure of businesses in the first year of operation. Hough et al. (2015) assert linkage between 47.3 percent from frequency distribution table 5.5 and impact of future profitability and opportunities for growth which contributes to the survival in the first year of operation. Based on the above evidence inadequate financial forecasting contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation.

The fifth force which is scarcities of financial resources is moderately correlated to inadequate industry analysis. The moderately correlated score is congruent with 54.5 (inadequate industry analysis) and 40.3 percent respectively from frequency distribution deferred in Table 5.5 as highly and extremely influential towards the failure of businesses in the first year of operation. Scarcities of financial resources from both analyses (correlation analysis and frequency distribution) are articulated as less dominant with 40.3 percent responses as presented in Table relative to inadequate industry analysis. The findings are harmonious with Manglani (2014) that more than 50 percent of businesses in the first year of operation encounter challenges to the accessibility of start-up capital and have negatively impacted business financial competitiveness. This means a scarcity of financial resources cripples business competitiveness and detrimental to survival in the first year of operation. As forming in the literature adequate financial resources are significance towards survival and scarcities of financial resources are a contributing force on high failure rate in the first year of operation. Based on the above evidence scarcities of financial resources contribute towards the high failure rate of businesses in the first year of operation. However; not as influential compared to inadequate industry analysis. There a weak positive relationship between scarcities of financial resources and remaining identified contributory forces. Although scarcities of financial resources are a contributory factor towards the failure of businesses in the first year of operation, however; not an influential force relative to other identified contributory forces that are detrimental towards the high failure rate of businesses in the first year of operation. As forming in the scarcities of financial resources is predominantly focused on financial resources which improve the liquidity of businesses' first year of operation. Despite, weak positive relationship between scarcities of financial resources and remaining identified contributory forces, 40.3 percent of respondents in frequency distribution table 5.5 is articulated as an extremely influential force towards the failure of businesses in the first year of operation. Kira (2013) asserts

linkage between 40.3 percent from frequency distribution table 5.5 and the availability of financial resources influence of business growth, survival and competitiveness in the first year of operation. Based on the above evidence scarcities of financial resources contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation.

In the sixth force, inadequate industry analysis and poorly developed business plans are positively moderately correlated relative to inadequate accessibility of start-up capital. The moderately correlated score is congruent with 54.5 (inadequate industry analysis) and 38.3 percent respectively from frequency distribution deferred in Table 5.5 as highly and extremely influential towards the failure of businesses in the first year of operation. Inadequate accessibility of start-up capital from both analyses (correlation analysis and frequency distribution) is articulated as less dominant with 44.4 percent responses as presented in Table 5.5 relative to inadequate industry analysis. There a linkage with findings and Global Entrepreneurs Monitor (2016) that poor accessibility of capital cripples the SME sector in South Africa. This means inadequate accessibility of start-up capital is detrimental to survival in the first year of operation. As forming in the literature adequate accessibility of capital is significance towards survival. Based on the above evidence inadequate accessibility of start-up capital contribution towards the high failure rate of businesses in the first year of operation. However; not as influential compared to inadequate industry analysis. There a weak positive relationship between inadequate accessibility of start-up capital and remaining identified contributory forces. Although inadequate accessibility of start-up capital is a contributory factor towards the failure of businesses in the first year of operation, however; not an influential force relative to other identified contributory forces that are detrimental towards the high failure rate of businesses in the first year of operation. As forming in the inadequate accessibility of start-up capital is predominantly focused on the eradication of any financial constraints the business might encounter in the first year of operation. Despite, weak positive relationship between inadequate accessibility of start-up capital and remaining identified contributory forces, 44.4 percent of respondents in frequency distribution table 5.5 is articulated as an extremely influential force towards the failure of businesses in the first year of operation. Fatoki (2014) asserts linkage between 44.4 percent from frequency distribution table 5.5 and inadequate accessibility of start-up capital impacts on survival in the first year of operation. Based on the above evidence inadequate accessibility of start-up capital contribution towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation.

In the seventh force, weak execution marketing strategies are equated positively moderately correlated to inadequate industry analysis, inadequate marketing research and lack of brand equity. The relationship is congruent with the highest percent of 54.5, followed by 41.5 and 43.0 on frequency distribution deferred in Table 5.5. Inadequate industry analysis from both analyses (correlation analysis and frequency distribution) is articulated as dominant relative to weak execution marketing strategies, inadequate marketing research and lack of brand equity. The findings are congruent with Ebitu et al. (2015) on an acquisition of marketing skills businesses in the first year of operation are able to identify products and/or service customers' needs through marketing research; define market size, market segmentation, identification of target market and adoptive marketing strategies to meet customers' needs. Furthermore with capabilities to penetrates markets which are an influential factor in the capability of businesses to survive in the first year of operation. This means weak execution marketing strategies less influential force towards the high failure rate of businesses in the first year of operation compared to inadequate industry analysis. As forming in the literature execution of marketing strategies is predominantly centered on business competitive offerings relevant towards survival in the first year of operation. Based on the above weak execution marketing strategies contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation. There a weak positive relationship between weak execution marketing strategies and remaining identified contributory forces. Although weak execution marketing strategies are a contributory factor towards the failure of businesses in the first year of operation, however; not an influential force relative to other identified contributory forces that are detrimental towards the high failure rate of businesses in the first year of operation. As forming in the literature weak execution marketing strategies are predominantly focused on holistically creating customer value through competitive offerings. Despite, weak positive relationship between weak execution marketing strategies and remaining identified contributory forces, 40.3 percent of respondents in frequency distribution table 5.5 is articulated as an extremely influential force towards the failure of businesses in the first year of operation. Kotler and Keller (2014) assert linkage between 43.0 percent from frequency distribution table 5.5 and execution of marketing strategies as a contributing element for maximising core competencies. Based on the above evidence weak execution marketing strategies contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation.

In the eighth force, inadequate marketing research is equated positively moderately correlated to

inadequate industry analysis and weak execution marketing strategies. The moderately correlated scoring is interconnected with frequency distribution deferred in Table 5.5 as responses are almost evenly distributed with a percent of 41.5, 54.5 and 43.0 respectively as highly and extremely influential towards the failure of businesses in the first year of operation. Inadequate marketing research from both analyses (correlation analysis and frequency distribution) is articulated as less influential relative to inadequate industry analysis and weak execution marketing strategies. The findings are harmonious with Achieng (2016) indicating marketing research is a driving vehicle for survival and growth because of the capability to assist businesses in developing competitive offerings that satisfy customers' needs. Furthermore, through the acquisition of comprehensive knowledge of targeted customers result in customer profitability. This means inadequate marketing research less influential force towards the high failure rate of businesses in the first year of operation compared to inadequate industry analysis. As forming in the literature inadequate marketing research focuses on business marketing challenges. Based on the above inadequate marketing research contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation. There a weak positive relationship between inadequate marketing research and remaining identified contributory forces. This means inadequate marketing research is a contributory factor towards the failure of businesses in the first year of operation, however; not an influential force relative to other identified contributory forces that are detrimental towards the high failure rate of businesses in the first year of operation. As forming in the literature inadequate marketing research is predominantly focused on the marketing challenges of the business. Despite, weak positive relationship between inadequate marketing research and remaining identified contributory forces, 41.5 percent of respondents in frequency distribution table 5.5 is articulated as an extremely influential force towards the failure of businesses in the first year of operation. Kotler and Keller (2014) assert linkage between 41.5 percent from frequency distribution table 5.5 and marketing research as a contributing element for the marketing success of competitive offerings. Based on the above evidence inadequate marketing research contributes towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation.

The ninth force which is a lack of brand equity is moderately correlated to inadequate industry analysis, influence of business environment and weak execution marketing strategies. The moderately correlated score is congruent with 42.3, 54.5, 39.1 and 43.0 percent respectively from frequency distribution deferred in Table 5.5 as highly and extremely influential towards the failure of businesses in the first

year of operation. Lack of brand equity from both analyses (correlation analysis and frequency distribution) is articulated as less dominant with 42.3 percent responses as presented in Table 5.5 relative to inadequate industry analysis. The findings are congruent with Hong and Diep (2016) point out that business survival in the first year of operation cannot be effective without consideration of branding facets due to being a prerequisite for survival and competitiveness of business especially in the first year of operation. This means a lack of brand equity less influential force towards the high failure rate of businesses in the first year of operation compared to inadequate industry analysis. As forming in the literature brand equity focuses on an additional value on competitive offerings of the business. Based on the above lack of brand equity contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation. There a weak positive relationship between lack of brand equity and remaining identified contributory forces. This means lack of brand equity is a contributory factor towards the failure of businesses in the first year of operation, however; not an influential force relative to other identified contributory forces that are detrimental towards the high failure rate of businesses in the first year of operation. As forming in the literature lack of brand equity is predominantly providing additional value towards competitive offerings. Despite, weak positive relationship between inadequate marketing research and remaining identified contributory forces, 42.3 percent of respondents in frequency distribution table 5.5 is articulated as a highly influential force towards the failure of businesses in the first year of operation. Kotler and Keller (2014) assert linkage between 41.5 percent from frequency distribution table 5.5 and brand equity as a contributing element on enhanced perceptions of competitive offerings performance. Based on the above evidence lack of brand equity contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation.

A poorly-developed business plan is the last force tested for correlation and is positively moderately correlated to inadequate industry analysis, inadequate financial forecasting and inadequate accessibility of start-up capital. The moderately correlated score is congruent with 38.3, 54.5, 47.3 and 44.4 percent respectively from frequency distribution deferred in Table 5.5 as highly and extremely influential towards the failure of businesses in the first year of operation. Poorly developed business plan from both analyses (correlation analysis and frequency distribution) is articulated as less dominant with 38.3 percent responses as presented in Table 5.5 relative to inadequate industry analysis, inadequate financial forecasting and inadequate accessibility of start-up capital. The findings are congruent with Agwu and Emeti (2014) that poor business plan has an influence on business envisage future

performance and/or adaptive strategies. This means a poorly developed business plan less influential force towards the high failure rate of businesses in the first year of operation compared to inadequate industry analysis, inadequate financial forecasting and inadequate accessibility of start-up capital. As forming in the literature business plan is a living detailed document for official planning for the business aimed at the risk of business failure and for accessibility of capital. Based on the above poorly developed business plan contribute towards a high failure rate, however not an influential force that is detrimental to the survival of businesses in the first year of operation. There a weak positive relationship between poorly developed business plans and remaining identified contributory forces. This means the poorly developed business plan is a contributory factor towards the failure of businesses in the first year of operation, however; not an influential force relative to other identified contributory forces that are detrimental towards the high failure rate of businesses in the first year of operation. As forming in the literature poorly developed business plan is a prerequisite document that contributes towards the survival and sustainability of the business in the first year of operation. Despite, weak positive relationship between poorly developed business plan and remaining identified contributory forces, 39.3 percent of respondents in frequency distribution table 5.5 is articulated as a highly influential force towards the failure of businesses in the first year of operation. Kusi, Opata and Narh (2015) assert linkage between 41.5 percent from frequency distribution table 5.5 and business plan document focuses on business planning, business structure, business objectives and products and/or services. Based on the above evidence poorly developed business plan contributes towards high failure rate, however not an influential force which is detrimental to the survival of businesses in the first year of operation.

The reliability of the internal consistency of evaluating contributory forces towards the failure of businesses in the first year of operation deferred in Table 5.9 was further tested through KMO to detect any meaningful underlying variables. The sampling adequacy score of contributory forces towards the failure of businesses in the first year of operation deferred in Table 5.13 is 0.914 which is considered adequately. Bartlett's test of sphericity was conducted to measure and ensure the correlation matrix in Table 5.9 is an identity matrix. The score deferred in Table 5.13 is 0.000 which illustrates skills are correlated with each other. The correlated skills were reduced through evaluating and identifying patterns of relationships between skills within the measurement. Eigenvalues were used to retain all factors greater than one. The eigenvalues for contributory forces towards the failure of businesses in the first year of operation are inadequate business analysis.

6.3.3. Objective two: Identified business skills which are significant towards the survival of businesses in the first year

The score of 0.754 stipulated good consistency on significance to the survival of businesses in the first year of operation. The reliability of the internal consistency of evaluating the importance of the survival of businesses in the first year of operation was tested and validated through correlation analysis of significance skills deferred in Table 5.10. In the first identified business skills significance to the survival of businesses in the first year of operation, which is monitoring of cash flow cycles is positively moderately correlated to price competitiveness and cost competitiveness. The moderately correlated score is congruent with 56.2, 40.5 and 42.8 percent respectively from frequency distribution deferred in Table 5.6 as highly and extremely significance business skills towards the survival of businesses in the first year of operation. Monitoring of cash flow cycles from both analyses (correlation analysis and frequency distribution) is articulated as dominant relative to other significance business skills towards the survival of businesses in the first year of operation. The findings are congruent with Siekei, Wagoti and Kalio (2013) state that monitoring of inflows and outflows of cash plays an important role in the management of business especially to small and medium-sized businesses have limited financial resources. The skills of monitoring cash inflows and outflows assist business owners with the adequacy of information to measure the performance of a business and a gateway towards survival in the first year of operation. Bookkeeping skills play an important role in the liquidity and survival of business in the first year of operation. Furthermore, Muchira (2012) asserts that skills enable business owners to be knowledgeable and envisage future cash challenges which are vital towards the survival of a business. As forming in the literature monitoring of cash flows cycles assists businesses with the correct balance between assets and liability, meets business obligations and improves the liquidity of the business. Based on the above evidence monitoring of cash flow cycles is a dominant significance business skill for survival of businesses in the first year of operation. There a weak positive relationship between monitoring of cash flows cycles and monitoring of profitability, identification of external opportunities and customers 'segmentation. This means that although monitoring of profitability, identification of external opportunities and customer segmentation are significance business skills however; not dominant business skills towards the survival of businesses in the first year of operation. As forming in the literature monitoring of profitability, identification of external opportunities and customers 'segmentation focuses on the efficiency of internal resources and alignment of a business strategy to exploit opportunities.

Despite, weak positive relationship between monitoring of cash flows cycles and monitoring of profitability, identification of external opportunities and customers 'segmentation, 42.3, 42.3 and 41.0 percent of respondents in frequency distribution table 5.6 is articulated as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Muchira (2012) asserts linkage between 42.3, 42.3 and 41.0 percent from frequency distribution table 5.5 and contribution towards utilisation of resources to achieve business goals. Based on the above evidence monitoring of profitability, identification of external opportunities and customers 'segmentation contributes towards survival, however not an influential business skill for businesses in the first year of operation. Monitoring of profitability which is the second identified business skill significance to the survival of businesses in the first year of operation positively moderately correlated to price competitiveness. The moderately correlated score is congruent with 42.3 and 40.5 percent respectively from frequency distribution deferred in Table 5.6 as highly and extremely significance business skills towards the survival of businesses in the first year of operation. Monitoring of profitability from both analyses (correlation analysis and frequency distribution) is articulated as dominant relative to other significance business skills towards the survival of businesses in the first year of operation. The findings are harmonious with Sosiawami, Ramli; Mustafa and Yusoff (2015) who define monitoring of profitability skill as capability of utilisation of internal resources to achieve business goals effectively of both financial and non-financial performance. Santos and Brito (cited in Sosiawami et al. 2015) assert monitoring of profitability skill is intertwined with cash flows, sales growth quarterly, operational income, competitive edge in the market place and return on equity which results in survival of business in the first year of operation. As forming in the literature monitoring of profitability assists to improve business performance through utilisation of resources. Based on the above evidence monitoring of profitability is influential towards survival, however not a dominant significance business skill for the survival of businesses in the first year of operation.

There a weak positive relationship between monitoring of profitability and monitoring of cash flow cycles, identification of external opportunities, customers 'segmentation and cost competitiveness. This means that although monitoring of profitability, identification of external opportunities and customer segmentation are significance business skills however; not dominant business skills towards the survival of businesses in the first year of operation. As founding in the literature and monitoring of cash flow cycles, identification of external opportunities, customers 'segmentation, and cost competitiveness focus on the proficiency of utilisation internal resources and position of a business strategy to exploit

opportunities. Despite, weak positive relationship between monitoring of profitability and monitoring of cash flows cycles, identification of external opportunities, customers 'segmentation and cost competitiveness, 56.2, 42.3, 41.0 and 42.8 percent of respondents in frequency distribution table 5.6 is articulated as highly and extremely influential business skills towards survival of businesses in first year of operation. Santos and Brito (cited in Sosiawami et al. 2015) assert linkage between 56.2, 42.3, 41.0 and 42.8 percent from frequency distribution table 5.6 and influence towards survival in the first year of operation. Based on the above evidence monitoring of cash flow cycles, identification of external opportunities, customers 'segmentation, and cost competitiveness contribute towards survival, however not influential business skills for businesses in the first year of operation.

There a weak positive relationship between identification of external opportunities and remaining identified business skills significance to the survival of businesses in the first year of operation in the third identified business skills. This means that although identification of external opportunities is an influential business skill towards the survival of businesses in the first year of operation. However; not a dominant business skills. As forming in the literature identification of external opportunities is an insightful analysis of a business external environment is essential in adequate crafting and aligning of a business strategy that relevant to a business situation. Although there is a weak positive relationship between identification of external opportunities and remaining identified business skills, 42.3 percent of respondents in frequency distribution table 5.5 are articulated as highly influential business skills towards the survival of businesses in the first year of operation. Hough et al. (2015) emphasise the relationship between 42.3 percent from frequency distribution table 5.6 and the identification of external opportunities. Based on the above evidence identification of external opportunities contribute towards survival, however not influential business skills for businesses in the first year of operation. In the fourth identified business skills, there a weak positive relationship between customers 'segmentation and remaining identified business skills significance to the survival of businesses in the first year of operation in the third identified business skills. This means that although customers 'segmentation is an influential business skill towards the survival of businesses in the first year of operation. However; not a dominant business skills. As forming in the literature customers' segmentation skills equips businesses with the knowledge to embark on adequate strategic activities for business to exploit opportunities. Although there is a weak positive relationship between customers 'segmentation and remaining identified business skills, 41.0 percent of respondents in frequency distribution table 5.6 are articulated as highly influential business skills towards the survival of businesses in the first year of operation. Ebitu

et al. (2015) emphasise the relationship between 41.0 percent from frequency distribution table 5.5 and customers 'segmentation. Based on the above evidence customers 'segmentation contribute towards survival, however not influential business skills for businesses in the first year of operation.

Monitoring of cash flow cycles and monitoring of profitability is positively moderately correlated to price competitiveness which is the fifth identified business skills significance to the survival of businesses in the first year of operation. The moderately correlated score is congruent with 56.2, 42.3 and 40.5 percent respectively from frequency distribution deferred in Table 5.6 as highly and extremely significance business skills towards the survival of businesses in the first year of operation. Price competitiveness from both analyses (correlation analysis and frequency distribution) is articulated as less dominant relative to the monitoring of cash flows cycles business skills towards the survival of businesses in the first year of operation. The findings are congruent with Colpan (cited in Gbolagade et al. 2013) indicates there is a direct relationship between competitive offerings pricing and survival of businesses in the first year of operation. As forming in the literature price competitiveness contributes to the pricing of products which is influential towards survival. Based on the above evidence price competitiveness is not influential towards survival relative to the monitoring of cash flow cycles for businesses in the first year of operation. There a weak positive relationship between price competitiveness and monitoring of profitability, identification of external opportunities, customers 'segmentation and cost competitiveness. This means that although monitoring of profitability, identification of external opportunities, customers 'segmentation and cost competitiveness are significance business skills, however; not dominant business skills towards the survival of businesses in the first year of operation. As founding in the literature monitoring of profitability, identification of external opportunities, customers 'segmentation, and cost competitiveness focus on the capability of utilisation internal resources to adventure opportunities. Despite, weak positive relationship between price competitiveness and monitoring of profitability, identification of external opportunities, customers 'segmentation and cost competitiveness, 42.3, 42.3, 41.0 and 42.8 percent of respondents in frequency distribution table 5.6 is articulated as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Hough et al. (2015) assert linkage between 42.3, 42.3, 41.0 and 42.8 percent from frequency distribution table 5.6 and influence towards survival in the first year of operation. Based on the above evidence monitoring of profitability, identification of external opportunities, customers 'segmentation, and cost competitiveness contribute towards survival, however not influential business skills for businesses in the first year of operation.

Monitoring of cash flow cycles and monitoring of profitability is positively moderately correlated to cost competitiveness which is the last identified business skill significance to the survival of businesses in the first year of operation. The moderately correlated score is congruent with 56.2, 42.3 and 40.5 percent respectively from frequency distribution deferred in Table 5.6 as highly and extremely significance business skills towards the survival of businesses in the first year of operation. Cost competitiveness from both analyses (correlation analysis and frequency distribution) is articulated as less dominant relative to the monitoring of cash flows cycles business skills towards the survival of businesses in the first year of operation. The findings are congruent with Hough et al. (2015) that cost competitiveness aimed at serving a targeted market and expanding business market share through targeting price-sensitive customers. Further able to set the floor on market price and still earn an adequate profit. As forming in the literature cost competitiveness contributions to the efficiency of utilisation of financial resources. Based on the above evidence cost competitiveness is not influential towards survival relative to the monitoring of cash flow cycles for businesses in the first year of operation. There a weak positive relationship between cost competitiveness and monitoring of profitability, identification of external opportunities, customers 'segmentation and price competitiveness. This means that although monitoring of profitability, identification of external opportunities, customers 'segmentation and price competitiveness are significance business skills, however; not dominant business skills towards the survival of businesses in the first year of operation. As founding in the literature monitoring of profitability, identification of external opportunities, customers 'segmentation, and price competitiveness focus on the ability of utilisation internal resources to exploit opportunities. Despite, weak positive relationship between cost competitiveness and monitoring of profitability, identification of external opportunities, customers 'segmentation and price competitiveness, 42.3, 42.3, 41.0 and 40.5 percent of respondents in frequency distribution table 5.6 is articulated as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Hough et al. (2015) assert linkage between 42.3, 42.3, 41.0 and 40.5 percent from frequency distribution table 5.6 and influence towards survival in the first year of operation. Based on the above evidence monitoring of profitability, identification of external opportunities, customers 'segmentation, and price competitiveness contribute towards survival, however not influential business skills for businesses in the first year of operation.

The reliability of internal consistency of evaluating significance towards the survival of businesses in the first year of operation deferred in Table 5.10 was further tested through KMO to detect any meaningful

underlying variables. The sampling adequacy score of significance towards the survival of businesses in the first year of operation deferred in Table 5.13 is 0.804 which is considered meritorious. Bartlett's test of sphericity was conducted to measure and to ensure that the correlation matrix in Table 5.10 is an identity matrix. The score deferred in Table 5.13 is 0.000 which illustrates skills are correlated with each other. The correlated skills were reduced through evaluating and identifying patterns of relationships between skills within the measurement. Eigenvalues were used to retain all factors greater than one. The eigenvalues for significance towards the survival of businesses in the first year of operation is the monitoring of cash flow cycles.

6.3.4. Objective three: Influence of business skills on business competitiveness in the first year

The score of 0.756 stipulated good consistency on the influence of business skills on the performance of a business in the first year of operation. The reliability of the internal consistency of evaluating the influence of business skills on the performance of a business in the first year of operation was tested and validated through correlation analysis of the influence of business skills deferred in Table 5.11. Identifying threats is the only influential business skill correlated to all identified business skills influential towards the performance of businesses in the first year of operation which is out-competing rivals, competitiveness in the industry, devised strategies to eradicate business challenges and bookkeeping (Recording of financial transactions). The positively moderately correlated score is congruent with 52.0, 42.8, 40.5, 42.8 and 41.0 percent respectively from frequency distribution deferred in Table 5.7 as highly and extremely influential business skills towards the performance of businesses in the first year of operation. Identifying threats from both analyses (correlation analysis and frequency distribution) is articulated as dominant relative to out-competing rivals, competitiveness in the industry, devised strategies to eradicate business challenges and bookkeeping (Recording of financial transactions). The findings are congruent with Hough et al. (2015) indicate that identification of business threats skills plays an important role to assist in determining the level of threats on the market share of the business and measures the competitive dynamics of the business. This means identifying threats is influential business skills interlinked with survival in the first year of operation. As forming in the literature identifying threats is of importance on crafting adaptive strategies for survival of businesses in the first year of operation. Based on the above evidence identifying threats is an influential business skill interlinked with the survival of businesses in the first year of operation.

In the second identified business skills influential towards the performance of businesses in the first year of operation which is out-competing rivals equated positively moderately to identifying threats and bookkeeping (Recording of financial transactions). The moderately correlated score is congruent with 42.8, 52.0 and 41.0 percent respectively from frequency distribution deferred in Table 5.7 as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Out-competing rivals from both analyses (correlation analysis and frequency distribution) are articulated as less dominant relative to identifying threats. The findings are congruent with Hough et al. (2015) as small-share businesses have two variable strategies options towards out competing competitors: initiate offensive moves intended building sufficient sales volume and specialist strategy whereby business focuses on competitive effort on a single capability. This means out-competing rivals are less influential business skills interlinked with survival in the first year of operation. As forming in the literature, out-competing rivals focus on constructing adequate strategies for business competitiveness in the first year of operation. Based on the above evidence out-competing rivals is a contributing business skill, however; not influential interlinked with the survival of businesses in the first year of operation. There a weak positive relationship between out-competing rivals and competitiveness in the industry and devise strategies to eradicate business challenges. This means that although competitiveness in the industry and devise strategies to eradicate business challenges are identified business skills influential business skills; however; not dominant business skills towards the survival of businesses in the first year of operation. As found in the literature competitiveness in the industry and devise strategies to eradicate business challenges both focus on strategies towards defending market share than survival strategies. Despite, weak positive relationship between out-competing rivals and competitiveness in the industry and devise strategies to eradicate business challenges, 40.5 and 42.8 percent of respondents in frequency distribution table 5.7 is articulated as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Kotler and Keller (2014) assert linkage on 40.5 and 42.8 percent from a frequency distribution table 5.7 and competitive strategies towards business market share. Based on the above evidence competitiveness in the industry and devise strategies to eradicate business challenges contribute towards survival, however not influential business skills for businesses in the first year of operation.

Identifying threats and Bookkeeping (Recording of financial transactions) are positively moderately correlated to competitiveness in the industry which is the third identified business skill influential towards the performance of businesses in the first year of operation. The moderately correlated score is

congruent with 40.5, 52.0 and 41.0 percent respectively from frequency distribution deferred in Table 5.7 as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Competitiveness in the industry from both analyses (correlation analysis and frequency distribution) is articulated as less dominant relative to identifying threats. The findings are congruent with Hough et al. (2015) that competitiveness in the industry is subjected to offensive and defensive strategies that counteract the maneuvers of competitors. This means competitiveness in the industry is less influential business skills interlinked with survival in the first year of operation. As forming in the literature, competitiveness in the industry focuses on strategies for competing in the industry. Based on the above evidence competitiveness in the industry is a contributing business skill, however; not influential interlinked with the survival of businesses in the first year of operation. There a weak positive relationship between competitiveness in the industry and out-competing rivals and devised strategies to eradicate business challenges. This means that although out-competing rivals and devised strategies to eradicate business challenges are identified influential towards the survival of businesses in the first year of operation; however; not dominant business skills. As founding in the literature out-competing rivals and devised strategies to eradicate business challenges both focuses on securing a competitive advantage over competitors. Despite, weak positive relationship between competitiveness in the industry and out-competing rivals and devised strategies to eradicate business challenges, 40.5, 42.8 and 42.8 percent of respondents in frequency distribution table 5.7 is articulated as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Hough et al. (2015) assert linkage on 40.5 and 42.8 percent from frequency distribution table 5.7 and competitive strategies towards competitors. Based on the above evidence out-competing rivals and devised strategies to eradicate business challenges, contribute towards survival, however not influential business skills for businesses in the first year of operation.

Devised strategies to eradicate business challenges which are the second last identified business skills influential towards the performance of businesses in the first year of operation only positively moderately correlated to identifying threats. The moderately correlated score is congruent with 42.8 and 52.0 percent respectively from frequency distribution deferred in Table 5.7 as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Devised strategies to eradicate business challenges from both analyses (correlation analysis and frequency distribution) are articulated as less dominant relative to identifying threats. The findings are congruent with the Global Entrepreneurship Monitor (2015/16), business strategies equip business owners with

entrepreneurial competencies that are significant to be competitive in the business environment. This means devised strategies to eradicate business challenges are less influential business skills interlinked with survival in the first year of operation. As forming in the literature devised strategies to eradicate business challenges emphasizes on the competency of strategy-making and strategy-execution. Based on the above evidence devised strategies to eradicate business challenges are contributing business skill, however; not influential interlinked with the survival of businesses in the first year of operation. There a weak positive relationship between devised strategies to eradicate business challenges and out-competing rivals, competitiveness in the industry and bookkeeping (Recording of financial transactions). This means that although out-competing rivals, competitiveness in the industry and bookkeeping (Recording of financial transactions) are identified influential towards the survival of businesses in the first year of operation; however; not dominant business skills. As founding in the literature out-competing rivals, competitiveness in the industry and bookkeeping (Recording of financial transactions) focuses on securing a competitive advantage over competitors and recording of financial transactions. Despite, weak positive relationship between devised strategies to eradicate business challenges and out-competing rivals, competitiveness in the industry and bookkeeping (Recording of financial transactions), 42.8, 42.8 and 41.0 percent of respondents in frequency distribution table 5.7 is articulated as highly and extremely influential business skills towards survival of businesses in first year of operation. Hough et al. (2015) assert linkage on 40.5 and 42.8 percent from a frequency distribution table 5.7 and business strategy and financial recording practices. Based on the above evidence out-competing rivals, competitiveness in the industry and bookkeeping (Recording of financial transactions), contribute towards survival, however not influential business skills for businesses in the first year of operation.

Bookkeeping (Recording of financial transactions) which is the last identified business skills influential towards the performance of businesses in the first year of operation is positively moderately correlated to identifying threats, out-competing rivals and competitiveness in the industry. The moderately correlated score is congruent with 52.0, 42.8 and 40.5 percent respectively from frequency distribution deferred in Table 5.7 as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Bookkeeping (Recording of financial transactions) from both analyses (correlation analysis and frequency distribution) are articulated as less dominant relative to identifying threats. The findings are congruent with Chelimo and Sophia (2014) that bookkeeping (Recording of financial transactions) records keeper on financial transitions for the business and assists

with utilisation for revenues and/or expenditures. This means bookkeeping (Recording of financial transactions) is less influential business skills interlinked with survival in the first year of operation relative to identifying threats. As forming in the literature, bookkeeping (Recording of financial transactions) focuses on financial transactions recording. Based on the above evidence bookkeeping (Recording of financial transactions) is a contributing business skill, however; not influential interlinked with the survival of businesses in the first year of operation. There a weak positive relationship between bookkeeping (Recording of financial transactions) and devised strategies to eradicate business challenges. This means that although devised strategies to eradicate business challenges are identified influential towards the survival of businesses in the first year of operation; however; not dominant business skills. As founding in the literature devised strategies to eradicate business challenges emphasises on crafting and executing business strategy. Despite, weak positive relationship between bookkeeping (Recording of financial transactions) and devised strategies to eradicate business challenges, 41.0 and 42.8 percent of respondents in frequency distribution table 5.7 is articulated as highly and extremely influential business skills towards the survival of businesses in the first year of operation. Hough et al. (2015) assert linkage on 40.5 and 42.8 percent from frequency distribution table 5.7 and strategy management process. Based on the above evidence devised strategies to eradicate business challenges, contribute towards survival, however not an influential business skills for businesses in the first year of operation.

The reliability of the internal consistency of evaluating the influence of business skills on the performance of businesses in the first year of operation deferred in Table 5.11 was further tested through KMO to detect any meaningful underlying variables. The sampling adequacy score of influence business skills on the performance of businesses in the first year of operation deferred in Table 5.13 is 0.813 which is considered meritorious. Bartlett's test of sphericity was conducted to measure and to ensure that the correlation matrix in Table 5.11 is an identity matrix. The score deferred in Table 5.13 is 0.000 which illustrates skills are correlated with each other. The correlated skills were reduced through evaluating and identifying patterns of relationships between skills within the measurement. Eigenvalues were used to retain all factors greater than one. The eigenvalues for the influence of business skills and performance is identifying threats.

6.3.5. Objective four: Identify the strength and direction of the relationship between business skills and competitiveness of business in the first year

The score of 0.750 stipulated good consistency in the relationship between business skills and performance of businesses in the first year of operation. The reliability of the internal consistency of evaluating the relationship between business skills and performance of businesses in the first year of operation was tested and validated through correlation analysis of the relationship between business skills and performance deferred in Table 5.12. The strength and direction of business skills towards the performance of businesses in the first year of operation are positively moderately correlated between sustaining business strategies and positioning of the business in the market. The strength and direction of business skills towards the performance of businesses in the first year of operation moderately correlated score is congruent with 53.5 and 39.8 percent respectively from frequency distribution deferred in Table 5.8 as highly and extremely. The strength and direction of sustaining business towards the performance of businesses in the first year of operation strategies from both analyses (correlation analysis and frequency distribution) are articulated positive. The findings are congruent with Eniola and Entebang (2016) that business strategy plays a significant role in the capability to adequately administer business resources and effectively achieve business goals. This means the strength and direction of sustainable business strategies are influential towards the performance of businesses in the first year of operation. As forming in the literature, sustaining business strategies focuses on a business strategy role competence to effectively govern business resources. Based on the above evidence sustaining business strategies skills strength and direction are positively interlinked with the survival of businesses in the first year of operation. The strength and direction towards the performance of businesses in the first year of operation between sustaining business strategies and developing new product lines and creating a niche market are positively weakly correlated. As founding in the literature developing new product lines and creating niche markets centered on market-segment opportunities in the market place. Despite, weak positive relationship of the strength and direction towards performance of businesses in first year of operation between sustaining business strategies and developing of new product lines and creating niche market, 53.5, 41.0 and 42.5 percent of respondents in frequency distribution table 5.8 articulated as highly and extremely towards performance of businesses in the first year of operation. This means that although developing new product lines and creating niche market responses from frequency distribution indicated a positive strength and direction towards the survival of businesses in the first year of operation; however; not directly influential business skills relative to sustaining business strategies. Hough et al. (2015) and Kotler and Keller (2014) assert linkage on 41.0 and 42.5 percent from frequency

distribution table 5.8 and contribution towards business competitiveness through delegation of competitive offerings on the neglected market in the marketplace. Based on the above evidence developing new product lines and creating a niche market, strength and direction are not interlinked with the survival of businesses in the first year of operation.

The strength and direction towards the performance of businesses in the first year of operation between developing new product lines and sustaining business strategies, creating a niche market and positioning of the business in the market are equated positively weak. As founding in the literature developing new product lines and creating niche markets centered on developing business competitive capabilities in the market place. Despite, weak positive relationship of the strength and direction towards performance of businesses in first year of operation between developing of new product lines and sustaining business strategies, creating niche market and positioning of the business in market, 41.0, 53.5 and 42.5 percent of respondents in frequency distribution table 5.8 articulated as highly and extremely towards performance of businesses in the first year of operation. This means that although sustaining business strategies, creating a niche market and positioning of the business in market responses from frequency distribution indicated a positive strength and direction towards the survival of businesses in the first year of operation; however; not directly influential business skills relative to sustaining business strategies. Hough et al. (2015) and Kotler and Keller (2014) assert linkage on 53.5 and 42.5 percent from frequency distribution table 5.8 and input towards business competitiveness on developing competitive offerings on the neglected market in the marketplace. Based on the above evidence creating a niche market and positioning of the business in the market, strength and direction are not interlinked with the survival of businesses in the first year of operation relative to sustaining business strategies.

The strength and direction towards the performance of businesses in the first year of operation between creating a niche market and sustaining business strategies, developing new product lines and positioning of the business in the market are equated positively weak. As founding in the literature sustaining business strategies, developing new product lines and positioning of the business in the market highlights strengthening the competitive capabilities of the business. Despite, weak positive relationship of the strength and direction towards performance of businesses in first year of operation between creating niche market and sustaining business strategies, developing of new product lines and positioning of the business in market, 42.5, 53.5, 41.0 and 39.8 percent of respondents in frequency distribution table 5.8 articulated as highly and extremely towards performance of businesses in the first

year of operation. This means that although sustaining business strategies, developing new product lines and positioning of the business in market responses from frequency distribution indicated a positive strength and direction towards the survival of businesses in the first year of operation; however; not directly influential business skills relative to sustaining business strategies. Kotler and Keller (2014) assert linkage on 53.5, 41.0 and 39.8 percent from a frequency distribution table 5.8 and crafting of business competitive capabilities. Based on the above evidence developing new product lines and positioning of the business in the market, strength and direction are not interlinked with the survival of businesses in the first year of operation relative to sustaining business strategies. The strength and direction of business skills towards the performance of businesses in the first year of operation are positively moderately correlated between the positioning of the business in the market and sustaining business strategies. The strength and direction of business skills towards the performance of businesses in the first year of operation moderately correlated score is congruent with 39.8 and 53.5 percent respectively from frequency distribution deferred in Table 5.8 as highly and extremely. The strength and direction of the positioning of the business in the market towards the performance of businesses in the first year of operation strategies from both analyses (correlation analysis and frequency distribution) are articulated positive. The findings are congruent with Hough et al. (2015) as both articulate on adequate positioning of the business in the marketplace. This means strength and direction of between positioning of the business in the market are less influential towards the performance of businesses in the first year of operation relative to sustaining business strategies. As forming in the literature, positioning of the business in the market focuses on communicating competitive offerings effectively in the marketplace. Based on the above evidence positioning of the business in market skills, strength and direction are not interlinked with the survival of businesses in the first year of operation relative to sustaining business strategies.

The strength and direction towards the performance of businesses in the first year of operation between the positioning of the business in the market and the developing of new product lines and creating niche markets are equated positively weak. As founding in the literature developing new product lines and creating niche markets focuses on the competitive capabilities of the business. Despite, weak positive relationship of the strength and direction towards the performance of businesses in first year of operation between positioning of the business in the market and developing of new product lines and creating niche market, 39.8, 41.0 and 42.5 percent of respondents in frequency distribution table 5.8 articulated as highly and extremely towards performance of businesses in the first year of operation. This means

that although developing new product lines and creating niche market responses from frequency distribution indicated a positive strength and direction towards the survival of businesses in the first year of operation; however, not directly influential business skills relative to sustaining business strategies. Kotler and Keller (2014) assert linkage on 41.0 and 42.5 percent from a frequency distribution table 5.8 and competitive capabilities. Based on the above evidence developing new product lines and creating a niche market, strength and direction are not interlinked with the survival of businesses in the first year of operation relative to sustaining business strategies. The reliability of the internal consistency of evaluating the relationship between business skills and performance of businesses in the first year of operation deferred in Table 5.12 was further tested through KMO to detect any meaningful underlying variables. The sampling adequacy score of the relationship between business skills and performance of businesses in the first year of operation deferred in Table 5.13 is 0.744 which is considered middling. Bartlett's test of sphericity was conducted to measure and ensure the correlation matrix in Table 5.12 is an identity matrix. The score deferred in Table 5.13 is 0.000 which illustrates skills are correlated with each other. The correlated skills were reduced through evaluating and identifying patterns of relationships between skills within the measurement. Eigenvalues were used to retain all factors greater than one. The eigenvalues for the relationship between business skills and performance are sustaining business strategies.

6.4 Summary

In this chapter findings of challenges that are detrimental towards the survival of businesses in the first year of operation were explored in-depth. The findings of interviews were discussed with relevance to both current literature and data presented in the previous chapter. The findings from interviews were critically analysed in relation to the objectives of the study. The data presented in chapter five were analysed further through statistics techniques for quantitative research findings. The analysis and discussion of quantitative findings through statistical techniques were in relation to study research objectives.

Chapter seven presents the development of the Business Bootstrapping Model to bridge the identified gap from preceding chapters.

CHAPTER SEVEN: BUSINESS BOOTSTRAPPING MODEL

7.1. Introduction

In chapter three a conceptual framework of the development of the Business Bootstrapping Model towards eradicating challenges and reduction on identified business skills deficit gap amid businesses in the first year of operation, in South Africa was proposed. The proposed Business Bootstrapping Model comprised three components: financial, marketing and business governance in the first year of operation. In this chapter practical authentication of the Business Bootstrapping Model is presented. The development of the Business Bootstrapping Model emerged from the research gap, qualitative and quantitative findings.

7.2. Structure of the model emerging from the qualitative study

This section presents the structure of the integrative model emerged from qualitative findings. The first three study objectives in chapter one were a foundation on the development of the first two components of the Business Bootstrapping Model. In addition, the three study objectives were supplemented with two existing business model discussed in chapter three.

7.2.1. Contributory forces towards the failure of businesses in the first year of operation

The first objective of the study investigated contributory forces that are detrimental to the survival of businesses in the first year of operation. Empirical findings extant in chapter six indicated inadequate accessibility of capital as the main contributory force towards high failure rates of businesses in the first year of operation, in South Africa. The identified force supplementary birthed financial, liquidity and credit constraints of businesses in the first year of operation, in South Africa. Empirical findings are congruent with the research gap in section 3.4 of the study in identifying the inadequacy of capital as a main contributory force that cripples survival of business in the first year of operation, in South Africa. Furthermore, inadequacies of capital are business constraints that sub-par on business competitiveness. In addition, first objective of the study was a foundation to identify inadequate of accessibility of capital as influential towards high failure rate of business in the first year of operation; and subsequently with Pecking Order, Resource Dependence Theory, Balance Score Card and Financial bootstrapping model incorporated in empirical findings extant of chapter six were frameworks used on practical development of financial component of Business Bootstrapping Model. The financial component of the Business Bootstrapping Model emerged from the inadequacy of capital and financial resources scarcity

whereby the application is on the utilisation of internal resources for business operations. Furthermore reduction of dependence on traditional external sources of capital is congruent with findings in the extant literature articulated strict funding requirements from financial institutions and investors, red tape entwined with government agencies and infancy of venture capital industry. Therefore the financial component of the Business Bootstrapping Model is centered on business owners without any financial capital with capabilities to generate required working capital during start-up. Moreover, the first study objective contribution to financial component assisted business owners with the generation of adequate financial records.

7.2.2. Construction of competitiveness that is significant to the survival of businesses in the first year of operation

In the second objective of the study business skills that are of significance towards survival in the first year of operation were investigated. Empirical findings extant in chapter six indicated personal experience in the industry as a business competitive capability. Furthermore, past experience in the industry are strategies used towards the reduction of challenges that threaten the success of business in the first year of operation. Experience in the industry is a foundation used on the identification of market opportunities relatives of entering and penetrating new markets. Moreover acquired technical skills focused on designs and technical specifications of product offerings of the business and contributed towards the competitiveness of the business in the first year of operation. Business owners enunciated acquisition of business skills is through informal learning such as webcasting, interactive videos, web-based training, and mobile technologies. The informal learning contribution was strategies used for external environment analysis. Empirical findings indicated acquisition of business skills as insufficient relative to skills required to improve business competitiveness in the first year of operation which was discussed in chapter two is congruent with the research gap in section 3.4 of the study. The second objective was a foundation used towards identifying the skills required to improve survival in the first year of operation. Relative to findings of the study intrapreneurial theory discussed in chapter three was used as a foundation on the integration of personal experience in the industry, technical skills and identified significance business skills discussed in chapter two. The integration was to utilise available resources on business owners to birthed planning skills, negotiation skills, and management skills which contribute towards survival in the first year of operation, in South Africa.

7.2.2.1. Financial component

The financial component of the Business Bootstrapping Model objective is the utilisation of available resources for survival in the first year of operation. Findings extant in literature enunciated South African skills challenges which are detrimental and business skills significance especially for businesses in the first year of operation. Findings presented in chapter five indicated business owners' dependence on experience in the industry as a response strategy to challenges that threaten the success of the business. Furthermore, demographic findings presented with the highest percentage of 3 < 4 years of experience in the industry on participants. The years of experience in the industry represent competitive assets which are distinctive competence. The financial component of Business Bootstrapping Model is structured in the following two phases:

7.2.2.1.1. Identification of distinctive competency

7.2.2.1.2. Development of strategic alliance

Identification of distinctive competency focuses on competitively superior on the utilisation of internal resource assets and the basis for sustainable competitive advantage in the first year of operation. In addition, for the effectiveness of the initial stage business owners must ensure that distinctive competency is directly correlated with acquired experience in the industry and industry competitive factors. The experience in the industry which is a distinctive competency on business owners is an endorsement for deficiencies trends that will emerge from industry analysis. For holistically approach to industry analysis, business owners must adhere to three steps in Figure 7.1.

Figure 7.1 Industry analysis



Figure 7.1: Industry analysis

Source: Researcher (2019)

Business owners must obtain industry reports from industry regulation bodies, statistical entities, feedback information from targeted businesses social media pages, consumer complaints websites and product blogs through distinctive competency are used as a foundation towards identifying industry deficiencies. Business owners are to use identified industry deficiencies as a tool to provide the function of intrapreneurial activities towards prospective businesses within the industry. Business owners should approach identified businesses with a proficiency to cultivate intrapreneurs' capabilities towards eradicating business deficiencies within the industry. Intrapreneurial activities' main objective is to provide leveraging of resources to prospective businesses. The level of leveraging of resources to prospective businesses is interdependent on industry analysis's uniqueness characteristics of each industry. Therefore initial step of financial component applicability mainly on rapidly growing markets, maturing industries, and stagnant or declining industries. Process re-engineering, design expertise, efficiencies in the business value chain and innovative capabilities are intrapreneurial activities, business owners to embark upon towards the effectiveness of a financial component of the Business Bootstrapping Model. Intrapreneurial activities from business owners in the first year of operation mandatory are assisting businesses in the industry for cost optimization through efficiency in the value chain.

The development of the strategic alliance phase is of cooperative agreements between potential and actual competitors either local and/or international businesses. Findings were extant in chapter six articulated scarcity of resources which is relative to human assets as hindrances on the survival of business in the first year of operation. Furthermore, business owners collaborate with other businesses to counteract deficiencies in the business and coping with competitive conditions and outcompeting of rivals. The development of a strategic alliance on the financial component of the Business Bootstrapping Model is to eradicate scarcity of resources through distinctive competency articulated in the first phase of the financial component of the Business Bootstrapping Model. For the effectiveness of the second phase on the financial component of the Business Bootstrapping Model is through the identification of businesses that struggles to penetrate the South African market due to the complex approval process in the country and/or identify businesses that struggle with compliance relative to Broad-Based Black Economic Empowerment act. The first phase ought to be a framework for effectively implementing the second phase of the financial component of the Business Bootstrapping Model. The second phase business owners can either develop strategic alliances through short-term contractual agreements and/or joint venture which is interdependent on the streamlined approval process.

7.2.2.2. Benefits of a financial component

Business owners embarking on the financial components of the Business Bootstrapping Model are able to start generating capital which is a prerequisite during business formation. The generation of capital is a determinant of the obliteration of financial and liquidity constraints. Findings extant in the previous chapter indicated a scarcity of financial resources distress business working capital, net cash inflow deficits lengthen operating cycle and bloated accounts receivables which are entwined with late payments. Financial Bootstrapping Model is an inducement towards synchronization of operating cash flows on business in the first year of operation. Irrespective of late payment from customers, adequate capital acquired through a financial component of Business Bootstrapping Model business owners are capable of lengthens operating cycle and sustain business operation during short-term inflows challenges that might emerge, whereby liquidity of the business is improved. Intensity on competitive vulnerability on businesses in the first year of operation is reduced in price and cost competitiveness as a result of the financial component of the Business Bootstrapping Model. Furthermore simultaneously business owners generation capital through the financial components of the Business Bootstrapping Model is equipped with skills to an insightful diagnosis of business competitive forces emanating from both external and internal business environments.

The financial component of the Business Bootstrapping Model further improves sustainability and attainment of competitive advantage on business in the first year of operation. Business owners embarking on the financial components of the Business Bootstrapping Model are subsequently generating adequate financial records which are a prerequisite for external accessibility of capital. Intensity from fierce competitive pressure from well-established businesses into a market segment that created a barrier to entry is reduced. Business owners through the financial components of the Business Bootstrapping Model are equipped with capabilities to envisage future contingencies and adaptive towards the complexity of the business environmental dynamics such as an increase in VAT and a rapid increase of fuel. In addition, business owners through business alliances are equipped with negotiation skills which are significance during concessions with investors for accessibility of capital. Business owners are further skilled to adequate allocate both financial and non-financial resources, develop problem resolutions and costs optimisation which addresses challenges that threaten the success of the business and holistically approaches business relationships which improve on business management in the first year of operation.

7.2.3. To explore business skills that are of relevance to survival in the first year of operation

The third objective identified influential business skills relative to the competitiveness of business in the first year of operation, in South Africa. Empirical findings extant in chapter six identified accounting and bookkeeping skills and marketing skills as business skills suitable for survival in the first year of operation, in South Africa. Deficiency in developing and interpreting financial statements and record-keeping of financial records are influential irrespective of start-up capital for business owners towards the acquisition of external financial resources and management of limited resources. In addition deficiency on pricing strategy skills, brand positioning and advertising had created a conundrum for business owners to respond to fierce pricing of competitive products for the business with limited resources. Empirical findings are congruent with the research gap in section 3.4 of the study in identifying the inadequacy of financial records and deficiency of pricing strategy skills, brand positioning, and advertising skills on the competitiveness of business in the first year of operation, in South Africa. The third objective was a framework used to explore applicable skills that are influential for businesses in the first year of operation, in South Africa. Therefore the second phase of the Bootstrapping Model focuses on adequate development of financial statements for the business and positioning of the business in the first year of operation through utilisation of available resources.

7.2.3.1. Record management

The record management component of the Business Bootstrapping Model assists business owners without any financial skills on the development of financial records and interpretation of financial statements. Demographic findings presented the highest percent of 29.4 for business owners with total gross assets (exclusion of fixed property) of the value R20 000 - R39 999. Record management is applicable to both business owners with substantial capital during start-up and business owners through the implementation of the financial components of the Business Bootstrapping Model acquired capital. Business owners ought to develop three financial statements which are a statement of financial position, income statement, and cash flow statement.

Statement of Financial position assists business owners in recording liabilities and owners' equity and current assets. The left column of a statement of financial position records business liabilities and owners' equity. Recording of business liabilities enables the listing of business account payable or expenses whereas owners' equity reflects business capital structure. The right column of the statement of financial position records business current assets. Business current assets should comprise of business account receivables or money owed to the business, inventory and intangible (distinctive competency). *Statement of Comprehensive Income* assists business owners with a recording of all sales revenues, costs, and expenses in the first year of operation and identification of business profit. The reporting of profit or loss must be every six months.

Initial recording on the income statement is sales revenue on the first row followed by costs of sales and all other expenses such as account payable and taxes. All expenses are to be deducted from sales revenues and the remaining amount which is net profit after tax is defined as retained earnings for the business. The retained earnings are to be used towards refinancing the business. *The statement of Cash flow* plays a significant role in determining the liquidity of the business. In the first year of business operation, every inflow and outflow of cash must be recorded. The cash flow statement should comprise of cash flow from assets, cash flow to lenders and shareholders. For determining net working capital liabilities must be deducted from current assets.

7.2.3.2. Benefits of record management

Record management of the Business Bootstrapping Model equips business owners and/or investors to measure the worth of the business. Furthermore, record management assists with planning and

management of business activities such as drafting of business short-term financial policies which is a prerequisite for lenders and creditors towards accessibility of external capital and/or credit. Business owners embarking on record management of Business Bootstrapping Model are able to measure business current financial performance, business financial position and envisage future business plan through providing a summary business revenues and expenses from both operating and non-operating activities over a period of time, summary of business assets, liability and equity on a given point in time. Record management contributes towards business owners determining optimal investment levels in relation to a trade-off between carrying costs and shortage costs. Record management further assists with the eradication of bloated account receivables through short-term borrowings such as factoring and inventory loans.

7.2.3.3. Marketing component

Findings were extant in chapter six identified pricing strategy skills as business skills suitable for survival in the first year of operation, in South Africa. The marketing component of the Business Bootstrapping Model assists business owners with pricing strategies, brand positioning and advertising of business offerings to improve the competitiveness of the business. For pricing strategies, business owners must adhere to the first three steps presented in Figure 7.1. In addition, for holistically approach on the marketing component of the Business Bootstrapping Model steps is supplemented with attributes presented in Figure 7.2.

Figure 7.2 Marketing attributes

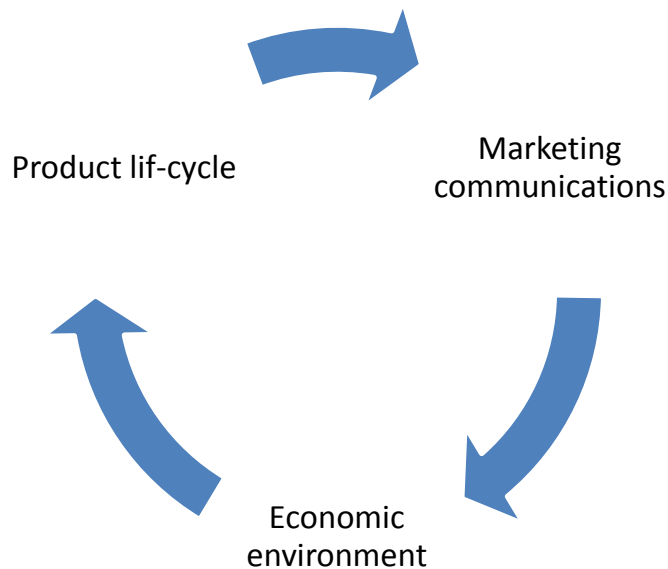


Figure 7.2: Marketing attributes

Source: Researcher (2019)

The attributes in Figure 7.2 are input towards pricing, brand positioning and advertising of business competitive offerings. **Pricing strategies** of business competitive offerings coincide with the current economic environment. Business owners ought to be knowledgeable about the repo rate trend. The increase in repo rate business owners must embark on two price discrimination strategies which are time pricing and customer-segment. Time pricing offers price discounts towards upfront payments from customers and quantity based orders. Customer-segment strategy through distinctive competency offers discounted pricing on consumer affluence. A decrease in repo rate price strategies coincides with a price elasticity of demand. Business owners must ensure that both fixed and variable costs are inclusive of embarking on pricing strategies.

Branding positioning of the business is subjective to product life-cycle. Business owners ought to aim for a niche market with very few product lines. Niche market and very few product lines enable business owners to effectively utilise limited resources to adequately brand position the business. Implementation of the three steps presented in Figure 7.1 is a tool for the identification of niche markets.

As a result of cost intensity for product life in the introduction stage business owners must embark on joint venture co-branding. Effectiveness of co-branding business owners must implement the second phase of strategic alliances through short-term contractual agreements and determine resource constraints, capability deficiency on brand equity and risk associated with dilution of brand equity. For growth and maturing stages business owners must identify entirely new and different applications for product consumption. Business owners must embark on a promotional program through social media pages, consumer complaints websites and product blogs as multichannel marketing. Decline stage business owners' requisite is the utilisation of the distinctive competency as value-added services prior to product consumption.

Advertising of business competitive offerings, business owners must identify influential, personal and timely communication channels for the niche market. Online communities and forums are words of mouth strategies businesses must embark upon towards advertising business competitive offerings. Business owners must ensure that the advertising program is inclusive of desired experiences and role/relationship plays in the lives of customers and leitmotifs. Business owners must create free business pages on social media, make recommendations to online blogs and customer complains about deeper and broader engagement with consumers.

7.2.3.4. Benefits of the marketing component

The marketing component of the Business Bootstrapping Model assists business owners in price discrimination. Promotion of upfront payment through Time pricing improves business liquidity, working capital and cash inflows and outflows which is contributing towards external accessibility of capital. Brand positioning through niche market business owners is able to explore opportunities which existing businesses neglected. The marketing component of the Business Bootstrapping Model assists business owners with cost reduction during product introduction. Advertising of competitive offering of the business through social media provides business with useful, difficult-to-get customer information and insights.

7.3. Structure of the model emerging from a quantitative study

This section presents the structure of the integrative model that emerged from quantitative findings. The fourth study objective in chapter one explained the strength and direction of the relationship between business skills deficit and performance in the first year of operation. Furthermore, descriptive statistics determined the strength and inferential statistics defined the direction of a relationship between business skills deficit and performance in the first year of operation.

7.3.1 The strength and direction of the relationship between business skills and performance of businesses in the first year

In the fourth objective of the study strength and direction on the relationship between business skills deficit and performance of the business in the first year of operation were investigated. Empirical findings extant in chapter six indicated sustaining business strategies as skills linked to the competitiveness of business in the first year of operation. The last phase of the Bootstrapping Model focuses on developing sustainable business in the first year of operation.

7.3.1.1. Business governance in the first year

Business Bootstrapping Model aimed to assist the survival and sustainability of businesses in the first year of operation. The financial component, record management, and marketing component are congruent with the principle of performance and reporting of King IV report on corporate governance for South Africa. Findings presented in chapter six indicated that long-term loyal customer relationships are strategies towards survival in the first year of operation and through distinctive competency business owners in the first year of operation are considerate on business stakeholders. Strategic alliances with other businesses with the same mutual interest in contractual agreements extant in chapter six are significance facets relative to King IV's report on the performance of the business in the first year of operation. Record management demonstrates accountability, transparency and financial reporting of the business to improve the probability of accessibility of capital.

7.3.1.2. Benefits of business governance component

Business governance component of Business Bootstrapping Model assists business owners towards leading the business ethics is effectively managed and ensures that the business is responsible for the

wellbeing of employees in the first year of operation, in South Africa. Inseparable factors such as strategy formulation and implementation of strategy, analysis of risk and opportunities which enhance survival of business in operation, in South Africa ought to improve on embarking on business governance components. The business governance component enables adequate reporting and disclosure towards relevant stakeholders during the informed assessment on the competitiveness of the business in the first year of operation, in South Africa. Furthermore, the component is to enable the business composition to comprise a balance of skills, diversity, relevant experience and knowledge required for sustainability in the first year of operation, in South Africa. The business governance component further enables business governance structure relative to harmonizing power and effectively acquittal responsibilities without abdicating accountability. The business governance component enables governance of risk and opportunities which is congruent with core values and strategic objectives of the business in the first year of operation, in South Africa. Business governance component permits governance of technology and information which is linked to the competitiveness of business in the first year of operation, in South Africa. The business governance component assists with compliance with laws where the business operations through ensuring the business in the first year of operation adhere to regulations and rules of the industry. The business governance component enables assurance outcomes inadequate and controls the business environment and integrity of reporting for sufficient decision making. The business governance component further ensures that stakeholder inclusive approach is adopted which comprises of account and balance on legitimacy, interests, responsible needs and expectations in the first year of operation.

7.4. Business Bootstrapping Model

Business Bootstrapping Model is a moderator that eradicate the high failure rate of businesses in the first year of operation. Based on presented findings from chapters five and six and the proposed Business Bootstrapping Model, the following Business Bootstrapping Model in Figure 7.3 illustrates the cause-effect relationship between current challenges and a high failure rate of businesses in the first year of operation. Findings unraveled inadequate accessibility of capital as influential towards high failure rates of businesses in the first year of operation, in South Africa. Inadequacy of accessibility of capital birthed financial, liquidity and credit constraints. The financial component of the Business Bootstrapping Model is a moderator to improve survival in the first year of operation. The financial component of the Business Bootstrapping Model equips business owners with skills on the utilisation of available resources to generate capital for survival in the first year of operation. The utilisation of available

resources through the financial component of the Business Bootstrapping Model, eradicate rampant financial and liquidity constraints, distress business working capital, net cash inflow deficits which improves survival in the first year of operation. Subsequently, the financial component of the Business Bootstrapping Model eradicates scarcity of financial resources and credit constraints with the adequacy of financial records which is a criterion for external accessibility of capital. In addition equips business owners with skills for the diagnosis of business competitive forces that emerged from the business environment.

Figure 7.3: Business Bootstrapping Model

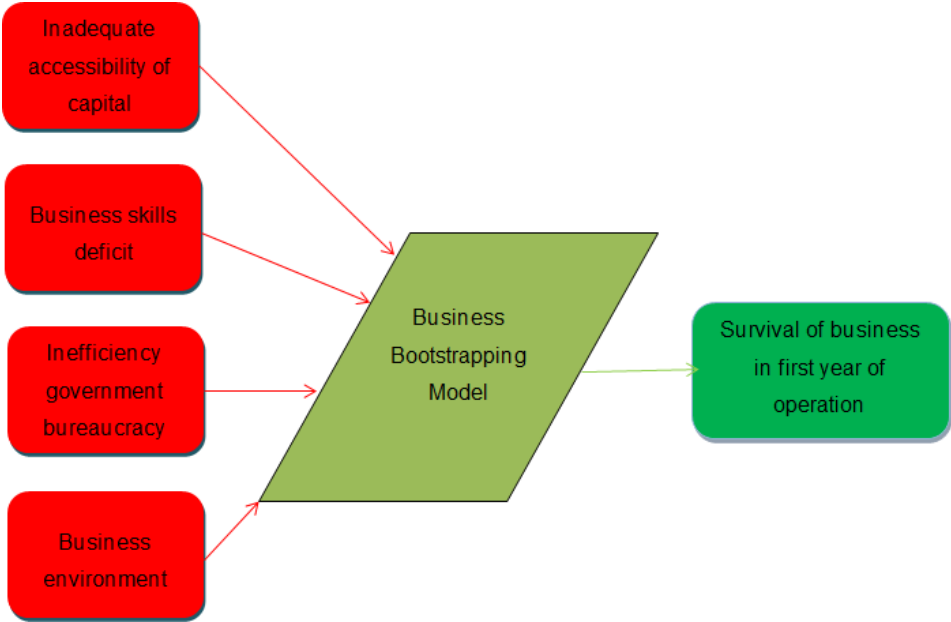


Figure 7.3: Business Bootstrapping Model

Source: Researcher (2019)

Empirical findings indicated a deficiency in developing and interpreting financial statements, pricing strategy skills, brand positioning skills, advertising skills and record-keeping of financial records which are detrimental towards the survival of businesses in the first year of operation, in South Africa. Record management of the Business Bootstrapping Model in Figure 7.3 is a moderator to eradicate fierce pricing of competitive products encounter with limited resources for businesses in the first year of operation through financial skills. Business owners are equipped with skills to determine business current financial performance which is an input to envisage future business plans towards improving the

liquidity of the business in the first year of operation. Record management, in addition, contributes towards the eradication of bloated account receivables which improves survival in the first year of operation. The marketing component of the Business Bootstrapping Model is a moderator to eradicate price discrimination and business skills to adequately explore opportunities and advertising of competitive offerings of the business through social media to improve survival in the first year of operation. All Business Bootstrapping Model contributes towards governance which improves survival in the first year of operation.

7.5 Summary

In this chapter, the development of the Business Bootstrapping Model was presented. Empirical findings were used as a framework for the development of the Business Bootstrapping Model. Furthermore, the research gap was used to supplement the development of the Business Bootstrapping Model.

Chapter eight presents the integration of findings and literature reviewed into the Business Bootstrapping Model to bridge the identified gap from preceding chapters followed with research conclusions and recommendations on challenges affecting the survival of business in the first year of operation.

CHAPTER EIGHT: CONCLUSIONS, SUMMARY OF THE STUDY AND RECOMMENDATIONS

8.1. Introduction

The final chapter of the study integrates analysed and discussed research findings articulated in chapter five and thereafter conclusions are drawn. This is achieved through firstly focusing on what was instituted in literature, and afterward empirical results are discussed. Subsequently followed with a discussion on the magnitude to which research objective was achieved. As stated in the first chapter, the main objective was to critically explore challenges that are detrimental and develop a business model that improves the survival of businesses in the first year of operation, in South Africa. Recommendations are made relative to the use of the measure and the study is concluded through a discussion of study limitations and recommendations for future research.

For the development of the Business Bootstrapping Model, some challenges and issues had to first be investigated. Following an investigation, several questions had to subsequently be addressed. The challenges and relationship between business skills and survival of businesses in the first year of operation were critical to the development of the Business Bootstrapping Model. The aim of this study has been to develop a model that is of significance to survival in the first year of operation. Developing such a model was perceived as an initiative to eradicate forces that are detrimental to the survival of businesses in the first year of operation. Every chapter of the thesis is an edifice towards the development of a Business Bootstrapping Model.

8.2. Discussion of results pertaining to the literature review

From Chapter two, an eight-step process is used to structure a literature review as outlined in section 2.1. The outcome of the selected four steps literature review is discussed below for each step. The initial step entailed the definition of business from South African perspectives and total turnover in relation to business size perspectives. National Small Business Act no 102 of 1996 and SARS DTI reporting in 2008 entailed under section 2.2 in chapter two were used for definition of a business from a South African perspective. The objective in step one was for the comprehensive indulgence of the terminology of an entrepreneur, small business and SMME in the South African context. The definition incorporated after reviewed all definitions. DTI reporting in 2008, elaborating on the terminology of an

entrepreneur as individuals that embark on a new business venture and small business and SMME in the South African context as synonyms. National Small Business Act no 102 of 1996 articulated on thresholds relation to business size. Businesses with less than five employees, a total annual turnover of less than R150 000.00 and a total gross asset value of less than R100 000.00 which excludes fixed property is categorised in all sectors as a micro business. On the second step, current challenges on the accessibility of capital on businesses in the first year of operation were unraveled. Under the subheading of accessibility of capital detailed of the inadequacy of capital on businesses in the first year of operation was articulated. In step three, empirical studies in conjunction with business assessment reports were used to critical identify the relationship between a business skills deficit and a high failure rate of businesses in the first year of operation. The last step in literature was to explore fundamental skills in relation to criterion-related validity of existing theories which was used as input towards the development of the Business Bootstrapping Model.

8.3. Discussion of results pertaining to empirical findings

An empirical investigation under section 1.7 detailed in chapter one outlined the structure of the investigation of findings. Empirical investigation below discussed each objective and research design used to achieve the objective of the study. A semi-structured interview was used to critically explore the first two objectives which are contributory forces and significant skills that are significant towards the survival of businesses in the first year of operation. Investigation on findings outlined that accessibility of capital and lack of financial resources to manage account receivables are obstacles towards the survival of business in the first year of operation. The obstacles created ripple effects on operational of business which was detrimental towards the survival of business in the first year of operation. Fierce competitive pressures correlated with restrictive financial resources slowdowns sales growth and sub-par on the performance of a business in the first year of operation. Furthermore, forces and sluggish economic growth created a conundrum for the survival of business in the first year of operation. Experience in the industry played a significant role in the persistence survival of business in the first year of operation. The experience in the industry which is an acquired skill was used to analyse business conditions and as a mitigation plan for survival. Experience in the industry was a dominant skill relative to technical and business skills used for survival in a fierce business environment. The relationship between business skills deficit and acquisition of business skills on the survival of business in the first year of operation was investigated through objective three and four outlined in section 1.5 of

the first chapter of the study.

The relationship between business skills deficit and acquisition of business skills were established through Cronbach alpha and correlation analysis. Furthermore, eigenvalues were used to summarise each objective into a single construct. The first objective construct was inadequate business analysis, the second objective was monitoring of cash flow cycles, the third objective was identifying threats and the last objective was sustaining business strategies. The constructs were all correlated with each other and there was a common factor in all constructs. Therefore is evidence that skills for identification of business threats play supplemented with cumulative percent of 75.7 in 3 < 4 years of experience in industry deferred in Table 5.1 is significant in eradicating inadequacy of business analysis; through mitigation plan on fierce competitive forces investigated in objective one. Furthermore the importance of monitoring of cash flows cycle skills which are supplemented with cumulative percent of 77.2 of total gross assets of a maximum of R69 999; is significant to assists with the detrimental force of management of account receivables outlined in objective one which leads to sustainable business strategies in the first year of operation. Therefore study objectives outlined in chapter one were achieved.

8.4. Business bootstrapping model

Statistical analysis conducted to identify the relationship between a business skills deficit and survival of businesses in the first year of operation outlined in chapter five and identified research gap from reviewed literature in chapter two is discussed in this section.

Financial

Research gap outlined in Chapter three articulated challenges for businesses in the first year of operation in relation to financial resources during start-up. The business owners struggle to utilize a financial perspective component of the BSC model due to lack of previous financial records as a result of business not older than a year, costs associated with the implementation of BSC and deficiency of business skills. The highlighted factors in relation to BSC are congruent with findings both outlined the inadequacy of capital and business skills as detrimental to the survival of businesses in the first year of operation. The two steps below assist to bridge the identified financial gap. The initial step is for business owners to identify distinctive (strength) competencies of the business. The second step is the

identification of potential alliances with skills and/or resources that will complement the business financially and/or non-financial resources. The effectiveness of strategic alliances must be through short-term contractual agreements. The advantages of a financial perspective ought to improve the competitiveness of businesses in the first year of operation. The financial perspective through strategic alliances enables businesses without any financial resources over business distinctive capabilities to start generating revenues.

Marketing

Research gap outlined in chapter three enunciated the impact of scarcity of financial resources and marketing skills deficiency in the survival of businesses in the first year of operation. The underlined factors in relation to BSC are congruent with findings both outlined the significance of business skills towards the survival of businesses in the first year of operation. Marketing perspective aimed to enable business owners with skills to enter new markets. The Initial step is to conduct a market analysis through consumer complaints websites and product blogs to identify marketing opportunities and identification of the niche market. The benefit marketing perspective is through consumer complaints websites and product blogs that enable business owners to direct and interactive with potential customers, crafting brand positioning and business to be a customer-centered business.

Businesses governance in the first year

The research gap outlined in chapter three enunciated the practice of business governance in the survival of businesses in the first year of operation. The highlighted factors in relation to King IV are congruent with findings both outlined significance of monitoring cash flow cycles and sustaining business strategies to the survival of businesses in the first year of operation. The eradication of ripple effect forces which are inadequate financial records and lack of credit history are hindrances for accessibility of capital because lenders require such records envisaged financial forecast of business is dependent on effective utilisation of two Business models components.

8.5. Conclusion on research questions

As was outlined in Chapters one, the thesis sought to address five research questions.

- What are contributory forces contributing to the failure of businesses in the first year?
- Which business skills are significant towards the survival of businesses in the first year?
- How influential business skills on the survival of businesses in the first year?
- How related are business skills relative to the performance of businesses in the first year?
- Are there any positive reward mechanisms that can be deduced from a proposed business model by businesses as recommended in this study?

8.5.1 Addressing Research Question one

Review of the high failure rate of businesses in the first year of operation literature discloses two contributory forces which were the inadequacy of accessibility of capital during start-up and deficiency of business skills. Inadequacy of accessibility of capital during start-up according to Global Entrepreneurs Monitor (2016) birthed detrimental constraints which are financial, liquidity, credit, and international trade and are disadvantageous towards survival in the first year of operation. In addition; African Economic Outlook (2017) indicates second contributory forces which are inadequate technical skills and business skills deficiency cripples business performances in the first year of operation. This finding of the study coaxed researcher to reconnoiter antecedents' inadequacy of financial resources and business skills deficit; explore further the relationship between financial, liquidity, credit constraints emerged from literature, business skills deficiency and high failure rate in the first year of operation. Personal interviews were conducted as additional measures to identify other contributory forces that believed to have an impact on the survival of business in the first year of operation. The analysis of the interviews resulted in fierce competitive pressure that emerges from a business environment as an additional contributory force towards the high failure rate of businesses in the first year of operation. Literature and personal interviews both outlined the Inadequacy of financial resources and business skills deficit as a major contributory towards the high failure rate of businesses in the first year of operation.

8.5.2 Addressing Research Question two

Significance of business skills for the survival of business in the first year of operation literature discloses three business skills which are financial management, marketing, and business management. Three business skills according to Siekei et al. (2013) play an essential role in equipping businesses in the first year of operation with capability, to envisage potential risks, moderate future risks, and adequacy to administer limited business resources. This finding of the study steered the researcher to investigate antecedents' business competencies significance for survival, explore the further relationship between business skills emerged from literature, business skills participants articulated as significance in the first year of operation. Personal interviews were conducted as an additional measure to identify other business skills significance for the survival of business in the first year of operation. The analysis of the interviews articulated skills to identify a niche market, the capability to cultivate customer relationships, the capability to cost optimise and maximisation of profit margins, informal learning, and formal training and personal experience in the industry as significance towards survival in the first year of operation. Literature and personal interviews both outlined financial management, marketing, and business management as significance towards survival in the first year of operation.

8.5.3 Addressing Research Question three

Business skills in the first year of operation literature disclose as influential towards business competitiveness and long-term sustainability. Siekei et al. (2013) indicate business skills as effective in equipping business owners towards making adequate business decisions that contribute to the survival of businesses in the first year of operation. This finding of the study directed the researcher to study antecedents' influence of business for survival in the first year of operation. Personal interviews were conducted as additional measure effects of business for survival in the first year of operation. The analysis of the interviews enunciated marketing skills as influential towards market penetration, financial, cost management skills and management skills as effective for adequacy to manage limited resources. Literature and personal interviews both outlined influential towards survival in the first year of operation.

8.5.4 Addressing Research Question four

Review of the relationship between business skills and performance of businesses in the first year of operation literature discloses as positively linked relative to survival. Junaidah (cited in Kambwale et

al., 2015) articulates business skills contribute towards survival and long-term sustainability in the first year of operation. This finding of the study directed the researcher to study the relationship between business skills and performance of businesses in the first year of operation. Personal interviews were conducted as additional measure strength of the relationship between business skills and performance of businesses in the first year of operation. The analysis of the interviews enunciated business skills interlinked with problem resolutions and costs optimisation to address challenges that threaten the success of the business in the first year of operation.

8.5.5 Addressing Research Question five

Business Bootstrapping Model as illustrated in Figure 7.3 interrelates to provide enlightenment on the survival of businesses in the first year of operation. The model in Figure 7.3 illustrates that Business Bootstrapping Model components have a direct impact to transform the business from survivalist and sluggish growth in the first year of operation to become a high-performance business. Business Bootstrapping Model components which are a financial component, record management, marketing component, and business governance have a direct impact on the survival of businesses in the first year of operation. The model further illustrates Business owners embarking on Business Bootstrapping Model concurrently equipped with business skills that contribute towards long term business sustainability.

8.6. Implications for practice - Recommendations

The effectiveness of the Business Bootstrapping Model for business in the first year of operation, in South Africa, should be supplemented with the bookkeeping, corporate governance King IV reporting and negotiation skills.

8.6.1 Bookkeeping

In the foregoing chapters ripple effect of the inadequacy of capital is information asymmetry and poor financial records. The business bootstrapping model's objective is to assist businesses to start generating cash inflows. Bookkeeping skills must be supplemented with Business Bootstrapping Model to exhilarate the effectiveness of the model. Chelimo and Sophia (2014) articulate bookkeeping as a record keeper of the business's financial transitions. Single and double entry systems are frequently used techniques for bookkeeping. Single Entry System advantageous, as the emphasis on single entry

transaction and, is used mainly on tax purposes, however; does not effectively report the entire business transaction. The bookkeeping skill will enable business owners for a single business transaction to be utilized for revenues and/or expenditures. The system equips business owners in the first year of operation on defining business recent loss and/or profit. As the business grows acquired skills will assists business owners to embark on the double-entry system which is self-balancing, uses debits and credits to record business transactions. –The total of the debit values recorded must equal the total of the credit values recorded. This system, when used along with the accrual method of bookkeeping, is a complete bookkeeping system and focuses on the income statement and balance sheet. This system has worldwide support as the system to use businesses for recording the bookkeeping transactions. The name emerges because each transaction is recorded in at least two places using debits and credits. (Chelimo and Sophia, 2014, p. 434).

8.6.2 Corporate governance

According to King IV (2016), businesses in the first year of operation, in South Africa, enhancing competitiveness and sustainability should be supplemented with adequate corporate governance techniques which are ethical leadership and corporate citizenship, strategy, structures, and responsibilities.

8.6.2.1. Ethical leadership and corporate citizenship

Business owners must embody ethical characteristics which characteristics comprise integrity, competence, responsibility, accountability, fairness, and transparency to attain effective leadership which is significant towards the competitiveness of the business in the first year of operation, in South Africa. Business owners in the first year of operation should incorporate a code of conduct which identifies business values whereby business, employees, management, and directors adhere towards ethically sound strategy and ethical characteristics. The code of conduct must articulate ethics policies that encompass business interaction with internal and external stakeholders and ethical risk of the business. In addition; all stakeholders must embark on the induction of business code of conduct and ethical policies further published whereby is easy access to all stakeholders of the business. Ethical policies must be applicable to recruitment, performance evaluation, employee rewards and sourcing of suppliers. Furthermore suctions and remedies should be drafted when the ethics policies are breached. Business in the first year of operation, in South Africa, must ensure that it is a consideration to all stakeholders such as workplace, economy, environment, and society who are both directly and/or

indirectly affected with the business activities as is part of accountable corporate citizenship on the business. Employment equity, safety and health, fair remuneration and employee development should be incorporated in the workplace policies for business in the first year of operation, in South Africa. Transparent tax policies, detection, and response to fraud and corruption, prevention should be integrated with business policies in the first year of operation, in South Africa as is part of the economy element technique in corporate governance. Businesses in the first year of operation must engage with consumers' protection, protection of human rights, community development and public health and safety as are influential on the society where the business operates. Businesses in the first year of operation must be considerate relative towards the protection of biodiversity, responsibilities with respect to pollution and waste disposal which form part of the environment where the business operates.

8.6.2.2. Strategy

Business owners in the first year of operation, in South Africa, must ensure that strategy development articulates the business core values of the business. The development of the business strategy should be subdivided into three terms which are short, medium and long-term. Business owners must articulate parameters and timeline of short, medium and long-term business strategy. The crafting of the triple context of the business strategy should be congruent with business opportunities and risks and crafted strategy must be congruent with the business resource availability. In addition, business owners must consider the impact on the business resources relative to crafting of the triple context of business strategy. Business owners must ensure that business operational plans and policies are congruent with all three business strategy terms. According to Brown (2014), business owners to attain high-performance systems must ensure that the strategy is adaptive towards the business environment and is an open system strategy. The open system strategy assists with the business in the first year of operation to become renewing or transformational management. King IV (2016) indicates that business owners in the first year of operation, in South Africa must consider the inter-dependence of business strategy and operational policies.

8.6.2.3. Reporting

Business reporting of annual financial statements, social and ethics committee reports, sustainability reports; business owners in the first year of operation, in South Africa must define reporting

frameworks that are inclusive to reporting standards, account legal requirements and drive of each report. Integrated reporting business owners must prepare either annually or semi- annually. The integrated reporting should comprise sufficient information operations of the business, sustainability problems pertinent to the business, financial results and results of operations and business cash flows. All reporting of the business; business owners must ensure that is compliance with the regulatory requirement of South Africa.

8.6.2.4. Structure

Board composition for businesses in the first year of operation must comprise of non-executive directors with relevant business skills, adequate knowledge and industrial and commercial experience in the compulsory to govern the business. The composition of the board must comprise of a combination of adequate executive, non-directors and independent non-directors. Independent and diverse perspectives during board composition are vital to achieving effective operation of the governing body of the business to eradicate the overlapping of decision-makers and individuals involved with the day to day operations. Responsibility, membership requirement and procedural conduct of non-directors must be documented and regularly reviews to monitor effective functioning of the board. Business owners must ensure that membership of the boards is diverse to attributes relevant for promoting decision making. Business owners must ensure quorum in meetings and regulatory requirements. Business owners must ensure that the board should institute a procedure for periodic, staggered rotation of board members to invigorate capabilities by introducing members with a new capability to supplement existing relevant skills required in the business. In addition, succession plans for membership which is inclusive to identification, mentorship, and development for prospective candidates should be incorporated in the board procedure for the business. The nomination of non-directors members criteria should be subjected to business skills and experience gap the business required to bridge. Prior nomination procedure must be drafted on the screening of prospect candidates' qualifications through independently. Furthermore, the nomination of prospect candidates is subjected to ensure that the independence of non-directors is maintained through that nominees have no interest or linkage with the business which can result in bias decision making. Maintenance of the independence of non-directors must consider if the nominees are a significant financial provider or representation of financial provider or nominees own securities in the business or nominees is an executive manager from a competitor. The nomination of non- executive directors must ensure the

equilibrium of power, which is vital in the effectiveness of attaining objectivity and a degree of independence on a board. The board composition disclosure must be inclusive of non-directors skills, experience, and independence on the board; qualification and professional position of each member of the board; age and service period of the member of the board. Strengthening the effectiveness of the board, chairperson of the board s must not be involved in the day to day operation of the business. The chairperson of the board should not be a member of any committee and a succession plan of the chairperson of the board should be drafted inclusive with the procedure of chairperson selection processes. The chairperson's independence related to the business must be disclosed.

8.6.2.5. Risks governance

The board should govern risks and opportunities interlinked with the formulation and implementation of business strategy. Governance of risk should incorporate both negative and positive effects of the risks on the attainment of business objectives. The degree of risk tolerance and level disclose should be determined through the board. The board should make certain that risk assessments are implemented on a continual basis and frameworks and methodologies are instigated to increase the probability of anticipating unpredictable risks.

8.6.2.6. Internal audit

The board should craft an internal audit charter that defines roles, responsibilities, and capability of internal audit, inclusive articulating roles within collective assurance and internal audit standards. The board has an obligation to make certain that there is an effective risk constructed internal audit. Internal audit has an obligation to administer a drafted assessment of the efficiency of the business system of internal controls and risk management. Internal audit ought to position strategically towards achieving business objectives.

8.6.2.7. Stakeholders' relationships

Business owners must identify business all stakeholders such as investors, shareholders, employees, lenders, customers, creditors, media and community continually and assess the numerous legitimate expectations of stakeholders to ensure positive relationship and repute through developing trust and confidence with stakeholders. The board should craft a strategy and appropriate policies for the administration of the business relations with all stakeholders and allow for constructive involvement

between the business and stakeholders. Board decisions on a strategy to balance stakeholders' interests must be directed through the aim of eventually expanding the best interests of the business. The board must appreciate stakeholders' perceptions influential to business reputation. The board should administer the implementation and execution of effective stakeholders' relationship management and oversee the business through emboldens proactive involvement with shareholders, especially during the Annual General Meeting. The board ought to delegate to management towards proactively manage stakeholder relationships. The board must strive towards achieving an appropriate equilibrium between various stakeholder consortia in the best interests of the business. The board must ensure that disputes are resolute efficiently, effectively and expeditiously as possible. The board must make certain the integrity of the business integrated report and transparent and adequate communication with stakeholders is crucial for building and sustaining trust and confidence. The board must make certain that shareholders are equitably and preserved and the benefits of minority shareholders are adequately secure. The minutes of the Annual General Meeting should be documented and accessible to all stakeholders of the business. Sustainability reporting and disclosure must be integrated with business financial reporting. Sustainability reporting and disclosure must be independently assured.

8.6.2.8. Remuneration governance

Business owners in the first year of operation should consider drafting remuneration policies as part of corporate governance to make certain on transparency and consistency in application especially relative to non-executive directors. Transparency and fairness relative to remuneration is through the implementation of remuneration policies and procedures; ensure remuneration is interconnected with individual performance and disclosure of non-executive director remuneration to stakeholders. Implementation of remuneration policy and procedures should comprise of basic salary which is inclusive to financial and non-financial incentives; variable remuneration which is inclusive to short and long terms reimbursements; reimbursements on termination of employment; restraint payment sign-on and retention; pre-vesting or malus and post-vesting or claw-back of remuneration; reimbursements of non-executive directors and any allowance and commission. Remuneration policies must be congruent with the strategy of the business in the first year of operation, in South Africa and endeavor to articulate value creation over the long-term.

Where applicable non-executive directors' remuneration must not directly be linked to the performance

of the business in order to safeguard independence and objectivity. Businesses in the first year of operation, in South Africa that are incorporated as companies, must comply with disclosure requirements linked to director remuneration in annual financial statements in Companies Act. However is recommended all businesses in the first year of operation, in South Africa must disclose non-executive director remuneration in the interests of transparency. Businesses that are not incorporated as companies should consider such disclosure within specific means and structures. Reporting on remuneration must be subdivided into three sections which are background statement, a summary of the core provisions of the remuneration policy and implementation report which comprises comprehensive details of remuneration conferred to members of the board and executive management through the reporting period.

The background statement must briefly articulate the context of remuneration concerns and decisions relative to external and internal factors that are influential towards remuneration, recent voting results on remuneration policy and implementation reporting and future area focus. On the summary of the remuneration policy the following must be considered: remuneration factors and propose principles enlightening remuneration measures for executive management and employees; use and justification of benchmarking remuneration, articulating remuneration of executive management and framework description and performance measure used for evaluation the accomplishment of business objective and outcome inclusive to grading of each performance and the period of over which measures. Implementation reporting executive management remuneration must be present in distinct tables and the table must be inclusive to single and total remuneration, receivable and received for the reporting period and other remuneration factors relevant to disclosure to attain fair value and cash reimbursements under variable remuneration benefits scheme must be disclosed. Separate disclose of reimbursements relative to employment termination ought to be reported in a separate table. A statement of compliance and deviations on remuneration should be declared during the reporting period. A remuneration philosophy is to assists with clarification of thinking, retaining consistency with market trends and provides clarity for senior management. Businesses in the first year of operation, in South Africa, should remunerate directors and executives fairly and responsibly. Shareholders must approve the business remuneration policy.

8.6.3 Negotiation skills

“In a negotiation situation, distributive tactics are used to gain concessions from the other party plus as much of the potential resources as possible; whereas, integrative tactics involve trade-offs and satisfying the interests of all the negotiation participants.” (Guerrero and Richards, 2015, p. 19). According to Guerrero and Richards (2015), business owners in the first year of operation, in South Africa to maximize business objectives should acquire negotiation skills. –Negotiation is a central aspect of business owners in the first year of operation, in South Africa daily business and directly influences profits. The role of businesses in the first year of operation, in South Africa, lies in the alertness to unnoticed business opportunities. Through the alertness, Business in the first year of operation, in South Africa is able to discover and exploit situations in which are able to sell for high prices what can buy or create for lower prices.¶ (Artinger and Vulkan, 2013, p. 3). Artinger and Vulkan (2013) indicate that business owners in the first year of operation, in South Africa who has acquired negotiation experience and business owners in the first year of operation, in South Africa who do not, vary when attaining start-up capital. Business owners in the first year of operation, in South Africa who have the knowledge are prospective to attain capital considerably faster than business owners in the first year of operation, in South Africa who have not attained the negotiation skill. The skill has an influence on businesses in the first year of operation, in South Africa when attaining capital over angel investors. The skill facilitates businesses in the first year of operation, in South Africa to negotiate equity percentage which is additionally advantageous to the business. Business owners in the first year of operation, in South Africa characteristics, have an influence on the negotiation outcomes. Social skills play an important role in business in the first year of operation, in South Africa to acquire capital. –Persuasiveness (the ability to influence others to change their view or behaviour and reach personal goals), expressiveness (the ability to express emotions and feelings in an appropriate manner), and social adaptability (the ability to adapt to a wide range of social situations).¶ (Artinger and Vulkan, 2013, p. 13).

Artinger and Vulkan (2013) point out that negotiation skill is influential on business growth and business liquidity in the first year of operation, in South Africa. Persuasiveness which is the drive vehicle for negotiation as business owners in the first year of operation, in South Africa on constant foundations is essentials to negotiate and make concessions with investors for capital and equity percentage. Emotional intelligent plays a significant role during the negotiation and the skill enables businesses in the first year of operation, in South Africa to negotiate deprived of consideration.

Adaptive skill to a different environment is vital for businesses in the first year of operation, in South Africa during negotiations and assists businesses to continually change roles according to the negotiations set-ups. –self-efficacy as the conviction that one can successfully execute the behaviour required to produce the outcomes. (Artinger and Vulkan, 2013, p. 20). According to Artinger and Vulkan (2013), self-efficacy skill is essential for businesses in the first year of operation, in South Africa in cultivating the liquidity and performance of the business. The skill can increase the performance of the business through influential effort and determination in the business to achieve the goals. The skill can assess in addition expand businesses in the first year of operation, in South Africa level of performance throughout negotiations. The skill can be attained over social modeling, a sequence of experiential activities and verbal persuasion. The skill can enhance the self-esteem of business owners in the first year of operation, in South Africa throughout negotiations. According to Mirkovic and Schizas (2014), a high level of financial knowledge upsurges business owners in the first year of operation, in South Africa's financial capability. Businesses in the first year of operation, in South Africa, are able to distinguish personal in addition to business finances. Businesses in the first year of operation, in South Africa, are more informed regarding financial products and risks. To link financial needs with the country's fiscal policies and regulations.

8.7. Limitations of the research

The limitations and recommendations for future studies are presented under two separate sub- headings.

8.7.1 Limitations

- A primary limitation of the study was measuring a linkage between business and years of experience in the industry. Although years of experience in the industry were adequately measured remained a conundrum to distinguish years of experience in industry comprises technical skills and/or previous business that failed in the same industry or not.
- The second limitation was in relation to study inclusiveness towards businesses that are under an incubation program. Although contributory forces might be similar for both businesses that are under incubation programs and businesses that are not in incubation program, however, there might be a slight difference due to businesses under incubation

program are receiving technical support services relative to businesses that are not under any incubation program.

- The third limitation was relative to both business owners and/or employees participating in the study as participants had anxiety share information with academic students. Even though the anonymity and confidentiality of the interviews were guaranteed, anxiety emerged from participants' perceptions that information might be shared with competitors. However, anonymity and confidentiality were maintained in the study.

8.8. Recommendations for future studies

- This research was conducted from businesses that are under an incubation program. The suggestion is the study that will focus on both businesses that are under an incubation program and businesses that are not under the incubation program. This approach will result in a wider spectrum of generalisability of challenges that are affecting the SMME sector.
- A second recommendation would be to reconnoiter and fully exhaust all variables that are influential for a business transaction from first to the second year. Future researchers should focus on key functional business areas and intensely explore variables that are significant for the transactional of the business. Another angle is the level of business knowledge business owner is exposed to the effectiveness of transactional from first to the second year of operation.
- Researchers should fully explore antecedents on the survival of businesses identified in the study relative to the development of competitive edge tailored to measure competency. Other dimensions that could be explored further are the effectiveness of creating a high-performance system in the SMME sector.
- The extant literature of corporate governance on businesses in the first year of operation obtains astonishingly little attention. Corporate governance on businesses in the first year of operation is limited or intermittent. There is very diminutive information about governance on businesses in the first year of operation. Furthermore, corporate

governance is a significant tool for sustainable business growth especially for businesses in the first years of operation.

8.9. Chapter summary

The chapter discussed results, drawn conclusions and recommendations were presented. The chapter is evident that Business Bootstrapping Model may be of significance to businesses that are without any financial resources during start-up. As all research objectives were achieved, this concludes the study. In the subsequent pages, references are presented followed with annexures.

From the literature review, four steps exhibited challenges of businesses in the first year of operation. Inaccessibility of capital and deficiency in business skills emerged as major contributory forces towards the survival of businesses in the first year of operation. In addition, fundamental skills to improve the competitiveness of the business were identified. Major contributory forces and fundamental skills were both used as a framework to bridge the identified gap through the development of the Business Bootstrapping Model. The orientation of chapter three explored two existing business models Financial bootstrapping and Balance Score Card and how significant is the survival of businesses in the first year of operation. At the end of chapter two, both Financial bootstrapping and Balance Score Card were used as a framework in the proposed development of the Business Bootstrapping Model.

The operationalisation of variables was concealed in chapter one, the development of a conceptual framework in chapter three which was influential to research design and sampling strategies in chapter four. Operationalisation of the variables is accomplished through the research problem, the significance of the study, research questions, and problem statement. Two existing business models supplemented with other theories were used to build the Business Bootstrapping Model presented in Figure 3.2. As mentioned already, the study was conducted into two phases. First, the research involved in-depth interviews in order to gain comprehension of challenges that are affecting the survival of businesses in the first year of operation that is not covered in chapter two. The data from interviews were structured thematically to produce information with regards to variables that impact the survival of business in the first year of operation. The second stage of research involved questionnaires validated and measured

the reliability of findings that emerged from the qualitative phase of the study. In chapter five findings were congruent with the literature reviewed.

In the abovementioned paragraphs, the linkage amongst chapters has been presented. The rest of this chapter focused on discussion relative to conclusions about research questions. This chapter further pursues narrated literature with findings reported in chapters two, five and six. Section

.4 presents Business Bootstrapping Model followed with conclusions on research questions in section 7.5. In addition to the implications of this study on the effectiveness of the Business Bootstrapping Model further with recommendations for refining and improving the competitiveness of businesses in the first year of operation are presented in sections 7.6 and 7.7.2 respectively. Finally, sections 7.7 and 6.6 deal with limitations of the study and future areas of research respectively.

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APPENDIX 1: COVER LETTER

UNIVERSITY OF KWAZULU-NATAL GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

DBA Research Project

Researcher: Sthembiso Eugene Rodney Nkwinika (066 227 0224)

Supervisor: Dr. Pfano Mashau (031 260 7021)

Research Office: Ms. P Ximba 031-260 3587

I, **Sthembiso Eugene Rodney Nkwinika** a DBA student, at Graduate School of Business and Leadership, of the University of KwaZulu Natal invites you to participate in a research project entitled –**The business bootstrapping model to equip emerging micro business in the first year of operation in South Africa**”. The aim of this study is to: design a business model called business bootstrapping; the model will be used to eradicate business challenges that emerge in the first year of operation.

Through your participation, I hope to understand **the business challenges that are affecting the performance of your business in the first year of operation**. The results of the questionnaire are intended to contribute to a **body of knowledge and also to help the business find ways to eradicate major business challenges that are negatively affecting emerging micro businesses in the first year of operation in South Africa**.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about participating in this study, you may contact me or my supervisor at the numbers listed above.

You are kindly invited to at least 20 minutes interview. You will be asked at least 12 open-ended questions focusing on the research objectives.

Sincerely,

Sthembiso Eugene Rodney Nkwinika (Mr)

+2766 227 0224

Doctoral Student

Graduate School of Business and Leadership, UKZN

South Africa

This page is to be retained by the participant

APPENDIX 2: CONSENT FORM

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

DBA Research Project

Researcher: Sthembiso Eugene Rodney Nkwinika (082 594 8675)

Supervisor: Dr. Pfano Mashau (031 260 7021)

Research Office: Ms. P Ximba 031-260 3587

CONSENT

I..... (full names of participants) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participate in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT _____ DATE _____

This page is to be retained by the researcher

APPENDIX 3: QUALITATIVE INTERVIEW GUIDE

Objective one: To explore contributory forces that contribute towards the failure of businesses in the first year.

1. What obstacle does your business face?
2. How the obstacles did influence the performance of your business?
3. How is the business environment influencing the performance of your business?
4. What strategic challenges are detrimental to your business?
5. What are the price competitive problems affecting your business?
6. What cost-competitive problems affecting your business?

Objective two: To explore business skills that are significant towards the survival of businesses in the first year.

7. How is your business responsiveness to the external environment?
8. How did you build competitively competencies and capabilities?

Objective three: To what extent does business skills influential on business competitiveness in the first year.

9. Which types of business skills suitable for your business?
10. How do you cope with competitive conditions and outcompeting rivals?

Objective 4: To determine the strength and direction of the relationship between business skills and competitiveness of business in the first year.

11. How do you address the challenges and issues that are affecting business success?
12. How are you implementing the strategic processes of your business?

APPENDIX 4: QUANTITATIVE QUESTIONNAIRES

Section A: Demographic information

1. Age

20 – 29 years	
30 – 39 years	
40 – 49 years	
50 – 59 years	
60 years and above	

2. Gender

Female	
Male	

3. Race

Black	
Coloured	
Indian	
White	

4. Industry

Agribusiness	
Asset and Wealth management	
Automotive	
Banking and Capital markets	
Chemicals	
Energy, Utilities and Mining	

Engineering and Construction	
Hospitality and Tourism	
Information Technology	

5. Total gross assets (exclusion of fixed property)

R0 - R19 999	
R20 000 - R39 999	
R40 000 - R69 999	
R70 000 - R89 999	
R90 000 - R99 999	
R100 000 and more	

6. Years of experience in the industry

Less than 1	
1 < 2	
2 < 3	
3 < 4	
4 < 5	
Greater than 5	

Section B: Questionnaires

Please check (√) the following parentheses or express:

5 = Extremely

4 = Very

3 = Moderately

2 = Slightly

1 = Not at all

Objective one: Identified contributory forces that contribute towards the failure of businesses in the first year.

1. Inadequate industry analysis	1	2	3	4	5
2. The influence of the business environment	1	2	3	4	5
3. Inadequate implementation of business strategy	1	2	3	4	5
4. Inadequate financial forecasting	1	2	3	4	5
5. Scarcities of financial resources	1	2	3	4	5
6. Inadequate accessibility of start-up capital	1	2	3	4	5
7. Weak execution marketing strategies	1	2	3	4	5
8. Inadequate marketing research	1	2	3	4	5
9. Lack of brand equity	1	2	3	4	5
10. Poorly developed business plan	1	2	3	4	5

11. How the forces affect the performance of your business?

Objective two: Identified business skills that are significant towards the survival of businesses in the first year.

12. Monitoring of cash flows cycles	1	2	3	4	5
13. Monitoring of profitability	1	2	3	4	5
14. Identification of external opportunities	1	2	3	4	5
15. Customers segmentation	1	2	3	4	5

16. Price competitiveness	1	2	3	4	5
17. Cost competitiveness	1	2	3	4	5

18. How did you build competitively valuable competencies and capabilities?

Objective three: Influential business skills on business competitiveness in the first year.

18. Identifying threats	1	2	3	4	5
19 Out-competing rivals	1	2	3	4	5
20. To be competitive in the industry	1	2	3	4	5
22. Devised strategies to eradicate business challenges	1	2	3	4	5
23. Bookkeeping (Recording of financial transactions)	1	2	3	4	5

24. Which skills do you lack or need to improve on your businesses?

Objective four: Identify the strength and direction of the relationship between business skills and competitiveness of business in the first year.

25. Sustaining business strategies	1	2	3	4	5
26. Developing new product lines	1	2	3	4	5
27. Creating a niche market	1	2	3	4	5
28. Adequately positioning the business in the market	1	2	3	4	5

29. How do you address the challenges and issues that threaten the success of your business?