

**AN ANALYSIS OF SELECTED ASPECTS RELATING TO FAILURE OF BLACK  
BUSINESSMEN AND SUBSEQUENT LEASING OF THEIR SHOPS TO FOREIGN  
OWNERS IN RURAL AREAS IN THE GREATER LETABA MUNICIPALITY AREA  
OF THE LIMPOPO PROVINCE: AN EXPLORATORY OPERATIONS ANALYSIS  
APPROACH.**

**by**

**THOMAS JEFFREY MANJARO SENYOLO**

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**Rural village-** is an informal sector in the most disadvantages areas, a small assemblage of houses smaller than a town or city and larger than hamlet.

**Shops,** for examples (goods of all sorts are sold)

**Foreign owners** – refers to business people who are currently running the shop who took over the shop by leasing

**Previous Local owners** - are owners who leased shops to foreigners

**Local owners still operating-** are owners who are still running their shops despite other leasing out to foreigners. These owners are still operating well.

**Management skills** – refer to the skills that the business owners have to set their goals, plan their budget and how they check and buy their stock. They have also competent skills.

**Systems-** refer to the way in which they record their sales, assets and profit in their record books. They refer to all the processes of their transactions.

**Equipment** – refers to the till machine, computers, notebooks, counters, calculators used in their shops.

**Capabilities of workers** – refers to the extent of the ability or skills of the workers in all the shops to perform the duties expected of them.

**Small business.** According to Shaper and Vallery (2004:89) there is no single definition of what constitutes a small business and a variety of both qualitative and quantitative factors may be used to separate small firms from other businesses. From a qualitative perspective, the business has to be independently owned and operated, closely controlled and funded by the owner, and the principal decision-making function must rest with the owner-manager. In addition, the small business can be defined using a variety of quantitative indicators, such as the number of employees, value of assets, turnover, and share of ownership retained by the owner-manager.

**Lease-** refers to when the previous business owners agree with the present owners to use their shops for a particular period.

**Greater Letaba Municipality-** refers to the local municipality under Mopani district municipality

**Villages-** refers to all areas excluding urban towns in Greater Letaba Municipality

## DEDICATIONS

I dedicate this research report to my beloved wife NTEBALENG LILIENA MOLEWA, my two daughters MAHLATSE SENYOLO, KABELO SENYOLO and my recent son PHETOLA SHEPHERED SENYOLO

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SENYOLO T.J

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AMEN

## **ABSTRACT**

The leasing out of the shops to foreign owners in the rural areas in Greater Letaba Municipality by black businessmen is of concern to those involved in the economic development of the municipality.

An exploratory business analysis approach was used to analyze this report. The previous local shop owners and foreign shop owners were interviewed to get the aspects that made the former fail to successfully run their business.

The problem statement and objectives of the research are outlined by comparing the three shop owners through tables, and this paved the way for the researcher to understand different models used to run their businesses.

Both local and foreign shop owners used the pricing strategy though their price differed. The foreign shop owners, present local shop owners and previous shop owners have, in terms of management been dealing with pricing, competition and system and equipment.

The analyses of findings are presented also in the form of tables.

The present local shop owners and foreign shop owners operate more or less the same. They network and buy more stock in order to sell it cheaper.

The recommendation and conclusions will assist businesses not to fail in future.

## CHAPTER ONE

### 1.1. INTRODUCTION

Most rural businesses operated well at the beginning of post democratic South Africa. When these shops were visited to obtain groceries, one would find enough stock. Whilst all the shops were fully stocked, most of the time in the past, today there seems to be little stock in shops owned by owners that hail from the villages, while those run by people coming from other countries seem to still have enough stock. These observations led the researcher to investigate this phenomenon as the topic for this research report.

Community members are not supposed to walk or travel many kilometers looking for groceries but limited stock in shops force them to walk or travel long distances to do their shopping.

The researcher also observed that most of the shops that seem to have enough stock are shops on lease to businessmen of foreign origin; such as Indians and Somalis. This triggered an idea that these different groups of shop owners may be using different approaches to manage their shops.

### 1.2 BACKGROUND TO THE STUDY

The area of interest is the rural villages in Greater Letaba Municipality. These villages are under chief or traditional authorities. Due to lack of transport facilities, these shops are traditionally serving communities in the rural areas around the shops. Most of these businesses are owned by black African men and women who were either retrenched, resigned or were pensioners from business companies and government departments.

According to Brink, Cant and Ligthelm (2003: 1) the idea of starting businesses is often good and the people behind it seem capable. It is on closer scrutiny that they have no knowledge of business fundamentals.

There are 70 to 80 shops leased out to foreigners in the area as compared to 80 shops which were previously operating under the management of local black owners.

The researcher was prompted to investigate the reasons for the phenomenon of failure of rural African black businesses as compared to non-failure of businesses owned by foreign business owners. It is not known whether this failure is the result of lack of resources or of competitive strategies that are not clearly defined. It seems also possible that their management and systems may be leaving room for failure. There may also be cultural issues, such as involving family with children to run business without supervision.

### 1.3 PROBLEM STATEMENT

The problem is that black rural business owners seem to fail in their business ventures as shopkeepers whereas foreign owned businesses are succeeding and the reasons for this phenomenon are not known.

## **1.4 SUB-PROBLEMS**

- Inability of some shop owners to compete effectively with others
- Lack of management and financial skills by shop owners.
- Lack of appropriate systems to run the shops by shop owners.
- Lack of capability of people working in the shops.
- Cultural differences between different shop owners.

## **1.5 AIM OF THE STUDY**

- The aim of the study is to examine the reasons why black rural business owners lease the shops out instead of running them themselves in order to develop a model for sustainable business ownership.

## **1.6 OBJECTIVES**

- To determine ability in some shop owners to compete effectively with other shops.
- To determine lack of management and financial skills of shop owners.
- To determine the adequacy of the systems and equipment used by shop owners to run the shops.
- To determine the capability of workers working in the shops.

## **1.7 RESEARCH QUESTIONS**

- Why are local shop owners not able to compete effectively in running businesses with others?
- What are the management skills necessary for shop owners to run the shops?
- To what extent are systems and equipment adequate to support the business?
- How does the lack of appropriate capabilities of workers working in the shops affect the business?

## **1.8 DELIMITATIONS AND LIMITATIONS**

The sub-problem, 'culture" will be delimited from the study. The researcher decided to concentrate on the systems and skills side as other researchers will concentrate on the cultural side of the problem.

It was also decided not to investigate the locality of the shops or access to capital as the shops are given in a specific area, were operating profitably and then started to decline.

## **1.9. ASSUMPTIONS**

Lack of management skills, inability to compete with others, inappropriateness of systems to run the shop and incapacity of workers are reasons why black rural business owners may lease their shops out.

## **1.10. SIGNIFICANCE OF THE STUDY**

The study will shed light on the reasons that lead to the black rural business owners to lease out their shops. Business owners will take note of all the reasons used to make their

shops to avoid failure and leasing out. It could also provide input to policymakers and training institutions

## **CHAPTER TWO**

### **2. LITERATURE STUDY**

#### **2.1 INTRODUCTION**

The purpose of this study is to analyze the reasons why black rural African owners lease their shops out.

According to Saunders, Lewis and Thornhill (2000: 44) the literature review forms the framework for research as it helps develop a good understanding and insight into relevant previous research and emerging trends. This will enable the reader to place research in its proper context. This chapter also analyzes the reason why the black rural African owners lease the shops out, why if leased by other people-these shops survive. The main focus of this chapter is to establish reasons for the trends of these shops under the black rural owners.

The following topics are discussed:

Competing effectively with other shops in paragraph 2.2.

Management skills of shop owners in paragraph 2.3.

Appropriate systems and equipment to run the shops in paragraph 2.4.

Capability of workers needed to run the shops in paragraph 2.5.

According to Maasdorp (1944:251) a micro-enterprise is generally considered to be a business run by a single self-employed person or which employs only family members (often at no pay). Most of these shops became the only source of income for their families. The children and the parents will work in the business without payment, which will make children to steal some of the groceries or money.

Research has shown that some participants at this level become self-employed as a survival strategy and will revert to formal employment if it is offered. According to Oates (1995:1) small businesses are seen as the driver of job creation. Unless they recognize that the business is a legal entity, it must be separated from the family or personnel matters and seek help, they will continue facing disaster.

#### **2.2 EFFECTIVE COMPETITIVENESS AND EFFECTIVE BUSINESS OWNERSHIP**

Pickle, Schaper and Volery (2004:89) state that most small businesses face a series of generic problems in the first year of operations. These challenges fall into four main functional areas: finance, marketing, production and personnel-plus difficulties that are caused by running the business. These problems may eventually contribute to the leasing out of the business.

According to Knaup (2005:51), one may look at survival rates by asking how many establishments were in operation, in the second, third and fourth year after their establishment, depending on whether or not they were operational in the previous year. In other words, how many of the established business that survived the first year are still in business at the end of the second year, how many that made it to the second year still existed in the third year, and so forth.

Radipere and Van Scheer (2005:402-411) agree with Nieman and Pretorius (2004) when they say that forty per cent of new business ventures fail in their first year. Radipere and Van Scheer claim that sixty per cent fail in their second year, and 90 per cent in first ten years of existence. Radipere and Van Scheer further state that it is evident that small business owners lack certain managerial skills which include state, financial, marketing and managerial and human resource management skills needed to operate their businesses successfully.

Competition is the bulwark of our economy. Small businesses must compete with other small businesses as well as big businesses. Firms that cannot effectively and efficiently compete in area such as services offered, prices charged or qualities of merchandise sold definitely have difficulty of surviving (Abrahamson, 1986:25).

### **2.2.1 Services to the clients**

Oates (1995:20) says that if one decides to build one's small business around a skill one is already familiar with, whether it is making something or offering a service, there is a strong possibility that it will be in an area where it will have a large number of competitors. He further states that that means one will be up against the companies that are already established and have mastered most of tricks of the trade.

### **2.2.2 Pricing**

Some firms strive to set prices of their products that are lower than most of other firms. These stores often run competitive shopping list on their competition. For example, a supermarket may send an employee to other supermarkets to record prices on various items of merchandise from these lists, and the supermarket then adjusts its prices in order to be highly competitive (Pickle and Abrahamson, 1986: 459)

According to Pickle and Abrahamson (1986:459) competitive pricing can take the form of special prices for selected items for a specific period of time. They further state that it is fairly common for firms to get into price confrontations on specials for the same item. One store will offer a low price, and its competitors will follow suit offering the lower price.

In a successful business, prices must be sufficient to cover a total cost plus margin of profit (Longenecker and Moore, 1991:338)

Understanding of mark-up pricing is valuable as it provides the entrepreneur with an awareness of pricing practices of intermediaries: such as wholesalers and retailers, according to Longenecker (2003:404-407), price determination should not be based

purely on a technique such as a breakeven analyzes but must also include a consideration of market characteristics and the organization's current marketing strategy.

### **2.2.3 Quality of Merchandise**

According to (Abrahamson and Pickle, 1986: 25), most business firms', especially, small businesses as must depend on repeat patronage for survival and growth. This implies that lowering the quality of product will lesson patronage.

The quality of merchandise sold in any business is important. Prices should be directly proportional to quality of merchandise sold. According to (Abrahamson and Pickle, 1986: 476), customers expect to receive a dollar's worth of value for each dollar expended. A policy that encourages repeat purchases is to change a fair price for quality of merchandise offered for sale.

The skill for the control of inventory is also required in the shops. If to a large inventory is in stock, the result is that too much of the owners capital is tied up or there is the possibility of inventory loss through spoilage or obsolescence. Where insufficient levels of inventory are stocked, merchandise is not available to meet customer demand (Abrahamson and Pickle, 1986:459).

When a store stocks a wide selection of merchandise, consumers can find much of the merchandise they want at one place (Abrahamson and Pickle, 1986: 476)

Radipere and Van Scheer (2005:402-411), argue that some shop owners are constrained not only by financial factors but also specifically by non-financial factors such as lack of education, inadequate managerial skills and lack of information. Lack of management skills will now be discussed and lack of information will be discussed in paragraph 2.4

## **2.3 EFFECTIVE MANAGEMENT SKILLS**

Monk (2000:10) states that reasons for the failure rate of startup business include lack of adequate working capital, poor market selection and rapidly changing external market condition. However, the most significant reason for the high failure rate is the inability of SMEs to make adequate use of essential business and management practice. Many small firms fail to develop an initial plan, and often those that do establish a plan fail to make it a working tool. If SMEs is adapting enough to survive start-up and early business life, it will grow, provided it displays competence and applies a particular mix of skills.

### **2.3.1 Planning**

Planning is the aspect of management in which one determines in advance what one wants to achieve with one's business and how one will go about it when one plans, one draws up objectives for one's business and workout a systematic action plan for achieving them(De Beer et-al.,2003:3).

Longnecker et-al. (2003:453) argues that “small business manager’s plan to some degree and amount of planning they do is typically less than ideal”, their focus is concentrated entirely on the production process and sales rather than on the overall operations of the organizations. Planning is important; it is a road map which will guide the small business to its objectives. It must be formalized in a budget or in a business plan (Nieman, 2006:19)

Small business managers are always faced with the dilemma of being unable to manage business relationships. There is always a problem with the structure of the small firm, as there is always a lack of planning and execution of duties.

### **2.3.2 Control**

The small business owners’ need to control the business by ensuring that records are kept and procedures are adhered to for the business to run efficiently. Staff incompetence thereof, will mean that the owner cannot delegate duties and has to do the work him or herself (Nieman, 2006:22)

In a study conducted by Perry (2002:201), a statistical significant inverse relationship between planning and business failure was found. However his explanation for the relationship was weak as, he states that a possible reason for the failure of business with fewer than five employees to succeed lies in the fact that they rarely undertake formal (written) planning. Perry goes on to state that gender does not appear to be related to the failure of small business in the US.

### **2.3.3 Financial skills**

Perry (2002:201) found that businesses which survived also had good record keeping and money management. According to Schaefer (2006), expansion is a leading cause of business failure. This often happens when business owners confuse success with how fast they can expand their business. Much bankruptcy has been caused by rapidly expanding companies. According to Wiley and Sons (1999) lack of financial planning and control is the main reason why small business fails. Financial control of a business starts with a comprehensive record keeping system that produces thorough accounting records on a day to day basis.

## **2.4 Systems and Equipment**

Lack of resources is the reason for many business failures and also the limiting factor in the growth of businesses. The small business owner has to juggle the resources and manage the flow of cash, movement people and assets. The profit made must be allocated at regular intervals to increase these resources in line with the growth of the company. Resources will be dealt as human resource capabilities in Paragraph 2.5

### **2.4.1 Recordkeeping/ System**

Good record keeping cannot only prevent one from being fined by the authorities but it can also help one grow your business smoothly with the correct information always at hand to make decisions (Parks,2006:123).

According to Longnecker and Moore (1991:567) an accounting system provides the framework for management control of the firm. The effectiveness of the system rests squarely on a well-designed and managed record keeping system

#### **2.4.2 Equipment.**

According to Van Eeden (2003:13-23) the more sophisticated the form of ownership, the less likely the firm is to experience financial system and expertise. The benefits of a personal computer to a small business are many and varied. According to long necker and Moore (1991) computer systems can also improve customer service and thereby pave the way for increased revenue. Due to the agility and flexibility of small business and their need to survive, they tend to be very quick to spot new technologies and run with them (Nieman, 2006).

According to long Necker and Moore (1991) small retailers should have merchandise display counters, storage racks shelving mirrors, seats for customers, customer push charts, cash register and various items necessary to facilitate selling.

Schaefer (2006) asserts that, business should have a professional looking and well-designed website that enable users to find out easily about their business and how to avail them of their product and services.

#### **2.5 CAPABILITY OF WORKERS**

The strength of a small firm lies in the owner-managers willingness to create a satisfactory working environment for all employees because the success of the firm will depend greatly on their personal involvement with the entrepreneur. Nieman et al. (2006: 22), justify the above statement by reiterating that “if the employer-employee relationship is good, employees in small firms develop strong feeling of personal loyalties to their employer”

The training interventions and methods are required in this regard. According to De Cenzo and Robbins (1996:237), training is basically a learning experience, which seeks a relatively permanent change in an individual’s skills, knowledge, attitudes or social behavior. Hellriegel et-al. (2001:251) refers to improving an employee’s skills to the point where he or she can do the current job more effectively.

Traditional private training markets could not keep up with the broader skills needed for economic development and growth, government emerged as a major role player in the education and training sector, deployed in three broad areas providing supportive services, education and training and providing finances. Verbal and written communication skills are also necessary. According to Rossi and Van Huron (2004:1), business survival and success depends on ethics which must be included.

## **2.6 CONCLUSION**

The above decreases demonstrate that there are a whole host of reasons that lead to the leasing out of shops. The leasing out of shops might generally be caused by a number of reasons or factors according to the literature reviewed. Some of the reasons are external competitions of prices. The most important factor is skill. Skill is knowledge, which is demonstrated by action, an ability to perform in a certain way. In some instances, poor management led to financial crisis in businesses. In view of the above discussion, it becomes clear that many black rural African businesses (shops) are facing financial crises.

The reasons which have contributed to the leasing out of the black African rural business (shops), that will be investigated in this research was discussed in the literature. The literature reviews contributed to the study by highlighting studies that other scholars have done and the conclusions they have reached regarding the failure of small businesses in rural areas. They also indicated on how they can restart and improve their businesses. The review will be used to research what could be the cause of black shop owners leasing out their shops and can also be used to indicate what could be done to reduce the trends of failures regarding these black rural businesses, specifically with regard to leased shops.

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

The research methodology section shows how the research project was conducted. It provides an organized and systematic way of how the data was obtained in order to find answers to research questions.

#### **3.2 CHOICE AND RATIONALE OF APPROACH**

Qualitative research was used in study. The qualitative method was used by the researcher to interview previous local owners, foreign owners and local owners who are successful with their management, competitive strategy and resources used. This is not an ordinary analysis of business failures. The problem is a widespread phenomenon in rural areas where local business owners are steadily being replaced by owners hailing from other countries. The qualitative approach was adopted because there was little information available on this specific problem. It was, therefore, deemed necessary to investigate the situation thoroughly and in depth, probing for clarification on the variables that were identified. Because of the unsophisticated processes that shop owners use to run these village shops, the approach will be to investigate the basic practices used by the shop owners

#### **3.3 STUDY AREA AND POPULATION**

The population was all the small shop owners in rural areas of the Letaba Municipality. The sample frame, or list of business owners or shops came from Greater Letaba Municipality (Database of all shops).

#### **3.4 SAMPLE SIZE AND SELECTION METHOD FOR SAMPLE**

The research study took place within the rural villages in Greater Letaba Municipality. These villages are under Chiefs or Traditional authorities. These shops are traditionally serving the communities. Most of these businesses were owned by black rural African owners who were either retrenched, resigned or were retirees from companies and elsewhere.

The researcher took a sample of 15 shops from the list of foreign owners, 5 previous local owners and 5 local owners who are stilling run their shops. The 15 shops owners were selected by taking every third shop owner up to 5 shop owners from non-local owners, local owners and local owners still running their shops. If a shop owner could not be found or was not willing to participate, the next shop was selected

#### **3.5 DATA COLLECTION METHODS**

Questionnaires and interviews were used to collect data. (See attached questionnaires on Appendix A). And yes/ no questions were used. Open-ended questions were asked,

giving room for inputs or comments when answering. Questionnaires were collected within a week. The interviews were conducted to get more depth and make follow-ups to questions in the questionnaires; documents of the systems used to manage the business will be scrutinized and how the shops operated. All discussions were recorded. The researcher spent one day per group to get the questionnaires trickled in, and interviews and observation conducted.

### **3.6 DATA ANALYSIS AND PRESENTATION METHODS**

#### **3.6.1 Questionnaires**

Descriptive statistics in the form of tables and were used to present the results from the questionnaires. The analysis was, therefore, in line with a qualitative approach as the sample is small.

#### **3.6.2 Observation and interview results**

Emphasis was on clarification and finding of possible reasons for explaining the phenomenon being studied. The researcher categorized the responses and checked for similarities. Data analysis entail organizing and arranging the information obtained in a logical order. The data is categorized and clustered into a meaningful group's common themes and patterns emerged as the data is scrutinized.

### **3.7 ETHICAL CONSIDERATION**

In the context of the research, ethics refers to the appropriateness of the researcher's behavior. In relation to those who become subject of this work, or affected by it (Saunders, Lewis and Thornhill. 2003:129).

The following ethical considerations that relates to responsibility research in human sciences were adhered to:

#### **3.7.1 Informed consent.**

The respondents gave consent to participate in the study. Any respondent who wished to withdraw from the study was allowed to do so.

The researcher ensured that the respondents were protected from any form of harm.

#### **3.7.2 Privacy and confidentiality**

The researcher's findings are presented honestly without distortions.

### **3.8 METHODS FOR ACHIEVING VALIDITY AND RELIABILITY**

**3.8.1 Reliability.** One additional shop was be used as a trial run to test the data collection procedure. Reliability refers to the consistency of measurement, the extent to which the results are similar over different forms of the same instruments or occasions of data collection.

Reliability of a test or instrument is determined by its consistency of results when applied repeatedly, administered by either the same or different persons. Thorough recording of processes for reliability was done in this research.

**3.8.2. Validity** questions as to whether the measures which are to be used will really deliver what the researcher claims of them, or whether they give a competent measurement of something that turns out to be different from what the researcher claims to deliver (Sapstord&Jupp, 1996:2). Validity was based on the use of an extensive body of knowledge when designing the questionnaires and on the method of probing to determine more in depth information in this research.

## **CHAPTER 4**

### **4. INTERPRETATION AND ANALYSIS OF FINDINGS**

#### **4.1 INTRODUCTION**

The result of the investigation is given based on the analysis of the results from the research in the fifteen shops.

Questionnaires were open-ended, and a Yes/No scale were used. They were carried out within six days. Fifteen shops were observed, and five foreign owners, five previous local owners and five local owners still operating their shops were given questionnaires and interviewed. The interviews lasted for more than one hour and thirty minutes while the interviewees were responding to questions addressed by the interviewer based on the results of the questionnaires. The questionnaire is in Appendix A. The list of questions which guided the interview is shown in appendix B, while the results from the interviews are shown in Appendices C, D and E

All fifteen shops owners responded to the questionnaires and interviews.

Findings from the literature review and from the results of the field research were combined. This was followed by an integration of the conclusions to highlight some common findings and discrepancies.

The following tables were used to summarize the responses from the questionnaires given to the previous local owners, foreign owners and local owners who are still operating their shops. The discussions have been grouped according to the research questions.

#### **4.2 COMPETING EFFECTIVELY WITH OTHER SHOPS**

Competition in the categories of services offered, quality of merchandise sold and pricing were investigated. Table 4.1 depicts the analyses of the responses of the questionnaires about competition of the previous local owners, foreign owners and present local owners. Whilst the researcher discusses the results from the questionnaire, the information has been augmented with results from the interview that took place when the completed questionnaires were retrieved.

##### **Analysis of the findings from previous local owners**

Refer to Table 4.1 All five previous local owners have little stock in their shops.

All five of previous local shop owners did not have suggestion boxes. All five of them did not frequently re-stock their merchandise because of lack of cash.

Four out of five shop owners were frequently receiving complaints from customers about their workers. Two (2) out of five (5) previous local owners were able to stay in their shops and observe how their employees serve their customers.

#### 4.2.1 SERVICE TO CLIENTS

**TABLE 4.1 SUMMARY OF LEVEL OF SERVICE OFFERED TO CLIENTS.**

Question	Previous local owners		Foreign owners		Present local owners	
	Yes	No	Yes	No	Yes	No
Does your shop have enough merchandise to be sold?	0	5	5	0	4	1
Do you have a suggestion box for the customers in your shop?	0	5	5	0	4	1
Do you stock frequently?	0	5	5	0	4	1
Do you stock according to the need of the customers?	2	3	5	0	5	0
Do you sometimes observe how your employees serve your customers?	2	3	5	0	4	1
Did you ever receive complaints from customers about your workers? (Reversed Score)	1	4	5	0	5	0
Total	5	25	30	0	26	4
Average % score	17	83	100		87	13

Four (4) out of five (5) previous local owners are able to compare prices of items with nearby shops to provide the best of service to the customers. All five local owners could not deliver goods to the customers due to lack of transport.

The conclusion that can be made is that these shop owners did not deliver exemplary service, even in the cases where it could involve no additional cost for them.

## **Analysis of the findings from foreign owners**

All five foreign owners have suggestion boxes for the customers in the shop. All five (5) foreign owners stock frequently. All the foreign owners do not allow returned items from any customer. Once the item is taken out of the shop, it is no longer the responsibility of the shop in case of damages or problems about the item. All five foreign owners did not receive complaints from customers about their workers in the past two years.

Five foreign owners have not received any complaints from customers. Five out of five shop owners stay in the shop to observe how the employees serve the customers. All the five foreign owners sometimes compare their pricing with nearby shops so as to provide better quality service and cheaper prices. All five foreign owners are able to deliver goods to customers without charging them.

The foreign shop owners have a different approach to service provision. They consider the clients importance, but at the same time they do not allow any returns then here is the importance of their client taken care of?

## **Analysis of the findings from present local owners**

Five out of five present local owners still operating check the expiry date of their items. One (1) out of five present local owners has a suggestion box for the customers in the shop.

One out of five present local owners do not buy stock frequently and do not record the items when returned by dissatisfied customers.

All five present local shop owners did not receive complaints from customers against their workers for the past two years. Four out of five owners stay in the shop and observe how employees serve their customers so as to improve the service present.

Four out of five present local owners are able to compare pricing of items with other shops to compete effectively.

All five present local owners deliver goods to customers, without charging them.

Local owners who are still operating their stores deliver a better service than the owners who do not have their shops anymore.

## **Conclusions**

Foreign owners and present local owners offer better service than previous local owners. Good services attract the customers and the number of customers will increase causing

the sale to rise. This should increase revenue and should lead to higher profits causing the shop owners not to fail.

#### 4.2.2 PRICING OF MERCHANDISE

**Table 4.2. The attitude of shop owners towards pricing of merchandise.**

Question	Previous local owners		Foreign owners		Present Local owners	
	Yes	No	Yes	No	Yes	No
Do you think pricing of items is important?	4	1	5	0	5	0
Do you know how to price items in your shop?	5	0	5	0	5	0
Do you buy stock in bulk to get lower prices?	0	5	5	0	5	0
Do you sometimes compare your pricing of your items with other shops nearby?	4	1	5	0	4	1
Do you deliver goods to your customers without charging them?	0	5	5	0	5	0
Total	13	12	25	0	24	1
Average % score	52	48	100	0	96	4

#### **Analysis of the findings from previous local owners**

Four previous local owners agree that pricing of items is important because customers must be able to choose the best item based on the price. All the previous local owners were able to price the items, so that they could provide the best service to the customers.. Whilst probing deeper during the interview, it was established that although four out of five previous local owners know how to price items, they do not do it in a competitive way. They do not compare prices. Their prices are always higher compared to the other competitors'. One shop owner commented that their prices are higher because they sell to customers on credit. Their high cost pricing model makes them less competitive.

According to Nieman (2006:59), when a small organization markets a product or service, pricing decisions must take into account the effects of a single product price on the rest of the product line.

They were unable to buy stock in bulk because wholesalers did not give them credit due to lack of trust. Credit involves an agreement between the buyer and the seller that payment for a product or a service will be received at some later date (Longecker et-al., 2003:397). If credit buying and selling did not benefit both parties in a transaction, its use would cease. By not being able to buy in bulk, the higher price per unit cost may result in higher prices to the customer.

### **Analysis of the findings from foreign shop owners**

All five foreign owners interviewed know how to price their items. All the foreign owners agreed that pricing is very important to provide quality service to their customers. Correct pricing is very important because it can maximize profit. In a successful business, price is sufficient to cover total cost plus some margin of profit (Longenecker and Moore; 1991:338).

All five foreign owners buy their stock in bulk from one wholesale. Because they tend to buy at lower prices, they could have a high mark-up. One foreign shop owner commented that before pricing items, he will compare with the nearby shops. He wants to remain cheaper than any other shop in the vicinity. The low-pricing model of items makes foreign shop owners more competitive

They deliver goods without charging the customers irrespective of delivery distance. They persuade customers to buy when they are in their shops by participating in the negotiation of lower prices.

### **Analysis of the findings from present local owners**

All five local owners still operating know how to price the items from time to time. They also agree that pricing items in the shop is important.

Five out of five present local owners can price their items well and compete with the foreign owners. They are able to buy stock on bulk and price cheaper.

Four out of five present local owners compare prices with other competitors and compete on the price of items. All five shop owners deliver goods to customers without charging them to attract customers. They consider delivery as a good marketing strategy.

### **Conclusion**

Pricing strategy of the previous local owners is very poor as compared to the foreign owners and present local owners. The foreign owners are the best owners with the lowest price charged followed by present local owners. Customers are price sensitive; therefore the present local owners and foreign owners will attract more customers than the previous

local owners. An increase in customers leads to the increase in sales and have more revenue.

### 4.2.3 QUALITY OF MERCHANDISE SOLD

**Table 4.3. Summary of quality of merchandise sold.**

Question	Previous local owners		Foreign owners		Present Local owners	
	Yes	No	Yes	No	Yes	No
Do you consider the quality of merchandise sold when restocking?	3	2	1	4	5	0
Do you check the expiry date of your items or products all the time?	1	4	5	0	5	0
Do you record the items returned by dissatisfied customers?	1	4	0	5	1	4
Total	5	10	6	9	11	4
Average % score	33	67	40	60	73	27

#### **Analysis of the findings from previous local owners**

Three out of five owners take the quality of merchandise into consideration when buying stock for the shop. All five of the previous local owners cannot buy stock in bulk due to lack of cash.

Two out of five shop owners buy stock according to the need of customers.

One (1) out of four (4) previous local owners checked the expiry date of items or products from time to time, whereas the other four shop owners did not check at all. During the interviews these four shop owners were complaining about their items getting expired and losing profits because of nearby shops leased by foreigners.

One (1) out of five previous local owners kept a record book for returned items and removes the returned items so as to avoid selling the same item to other customers.

#### **Analysis of the findings from foreign owners**

All five foreign owners have fully stocked shops. Four out of five shop owners buy their products from Chinese wholesalers. All five foreign owners are able to buy stock in bulk and check the expiry date of their products all the time. All foreign owners consider the needs of the customer. They make sure that all the variety items needed by customers are stocked. No customer can enter their shops and fail to get their wants or items they need.

Only one shop owner out of five is able to record the items returned by dissatisfied customers and the other four shop owners do not take any returned items.

Analysis of the findings from present local owners

Four out of five shop owners have enough stock in their shops. All five present local owners are very strict about buying quality products. Their merchandise is bought from other wholesalers and not the Chinese's. All five of present local owners can buy stock in bulk and can check expiry date to make sure that customers receive quality merchandise all the time. They stock according to the need of the customers. Customers are able to get all the items as they want them.

One out of five present local owners have a record book of returned items by customers called return inventory.

Conclusion

The present local owners sell quality merchandise than the foreign owners. Almost all the present local owners do not buy their groceries in Chinese shops, which are said to be having low quality merchandise. The previous local owners and present local owners are more considerate about the quality merchandise sold than the foreign owners'.

### 4.3 MANAGEMENT AND OPERATIONAL PRACTICES

#### 4.4. Planning and control

**TABLE 4.4 MANAGEMENT AND OPERATIONAL PRACTICES.**

Question	Previous local owners		Foreign owners		Present Local owners	
	Yes	No	Yes	No	Yes	No
Do you think goals are important in the shop?	5	0	5	0	5	0
Did you set the goals of the shop?	0	5	5	0	5	0
Did you draw the vision and mission of the shop?	0	5	4	1	3	2
Do you budget for the shop?	0	5	5	0	5	0
Do you take the business money and use it for own things? (Reverse results)	1	4	5	0	4	1
Do you keep record of your transactions?	4	1	5	0	5	0
Do you bank business money daily?	0	5	3	2	1	4
Do you do stock taking at specific intervals?	3	2	5	0	5	0
Do you close and open your shop daily?	2	3	5	0	4	1
Total	15	30	42	3	37	8
Average % score	33	67	93	7	82	18

### **Analysis of the findings from previous local owners**

All five previous local owners agree that goals, mission and vision are important for shops. But they did not draw or set them, hence they cannot implement them. Four out of five previous local owners keep record of their transactions. They do not bank money daily because business is very slow. Three out of five previous local owners take stock at intervals.

The shop's budget and the family budget is the same. During the interviews it became clear that they used money from the daily sales of the shop to pay their children fees at school, clothing and use it to feed the family. Three out five owners are not in the shop to run and monitor the shop. They claim that they are busy with community work. They depend on their wives to run and monitor what is being sold. They trust their wives fully.

According to Schoel and Guitinan (1995:449) personal selling is a person-to-person process by which sellers learn about the prospective buyers' wants and seek to satisfy them through the sale of their products and services. No evidence could be found that the owners who are absent so often have any systematic way of obtaining this information from their wives.

### **Analysis of findings from foreign owners.**

All foreign owners interviewed set goals including vision and mission for their shops.

The budget of the shops is separated from that of the family. The budget of the shop deals with the shop only. They all believe that, they cannot spend business money if their selling price is below break-even. They do not buy anything that is not budgeted for. The family expense is not taken from the shop's sales and if so it is duly recorded. Three out of five shop owners bank business earnings daily.

All the foreign owners shops visited and interviewed are monitored by the owners daily. The persons operating the till machines and those who deal with cash are foreigners, while South African workers are given the task of dealing with the customers' items in the shop, showing them where the products are and giving prices.

All foreign shop owners have good management. Five out of five foreign owners keep record of transactions. Workers sometimes steal the stock but it is easy to find out that something has been stolen.

During the interviews foreign owners stated that they live very frugally. Most of the workers who are foreigners do not eat all types of food in SA. They eat once a day and one type of food. They claim that two pairs of trousers can last them a year.

### **Analysis of the findings from present local owners**

All five present shop owners agree that goals, vision and mission are important. But only 3 (three) shop owners were able to set the goals, mission and vision for their shops. All five shop owners' believe that the budget of the shop must be separated from their families

expenses. All of them do not support their families using the shop's profit. They are able to keep record of their transactions.

Four out of five shop owners are always monitoring their shops by staying in the shop and watch when clients buy. They normally open and close their shops by themselves. One out of five present local owners are able to bank their money daily. Five out of five present local owners keep record the transactions.

### **Conclusion.**

The previous local owners have bad planning and control as compared to the foreign owners and present local owners according to the total of yes or no questionnaires depicted in the table and the results from the interviews. Therefore, foreign owners are best in planning and control followed by present local owners.

The previous local owners have little financial skills as compared to the foreign owners and present local owners. The foreign and present local owners have good management according to the totals of the questionnaires depicted on the table.

### 4.3.2. Financial skills

**Table 4.5. Financial skills**

Question	Previous local owners		Foreign owners		Present Local owners	
	Yes	No	Yes	No	Yes	No
Do you compile financial statements in your business?	0	5	5	0	5	0
Do you compile them yourself?	0	5	2	3	1	4
Does a book-keeper compile them?	0	5	2	3	2	3
Does an auditor compile them?	0	5	1	4	2	3
Did you have an increase in the sales/ profit during the past 2 years?	0	5	4	1	5	0
Is a large amount of own capital important?	5	0	5	0	3	2
Are financial skills important?	1	4	5	0	5	0
Is it important to be independent of financial support by banks?	3	2	5	0	3	2
Total	9	31	29	11	26	14
Average % score	22,5	77,5	72,5	27,5	65	35

#### **Analysis of findings from previous local owners**

Only three out of five previous local owners have Grade 6, 9 and 12 qualifications. All of the previous local owners cannot compile a financial statement.

They do not have any book-keeper or an auditor to compile financial statement. All of the five previous local owners registered decrease on sales, total assets and profit for the past two years. All five previous local owners believe a large amount of own capital is needed. Four out of five previous local owners' believe that experience about the business is more important than acquired financial skills qualifications. Four out of five owners use business money from the till to live on. They use the profit of the shop to do family matters. Almost all five previous local owners do not have proper record books.

### **Analysis of findings from foreign owners.**

Four out of five previous local owners have Grade 12 and financial skills. One previous local owner has grade 7 only. All of five foreign owners are able to compile financial statement. Two out of five foreign owners are able to compile financial statement on their own. One out of five owners uses the auditor to compile financial statement.

Two out of five foreign owners have book-keepers compiling their financial statement. All of five foreign owners here registered an increase on their sales, total assets and profit for the past 2 years. Five out of five foreign shop owners believe in saving rather than spending. The money for the business and family are separated, this is according to the foreign owners. All five foreign owners can keep record of transactions.

### **Analysis of findings from present local owners**

All five present local owners have compiled financial statements for their businesses. Two shop owners have book-keepers with Grade 12 qualification to compile their financial statements. One shop owner has a Teaching Diploma and he compiles the financial statements for his shop himself, while the last two shop owners have book keepers with B.Com qualifications. All five local owners still operating believe that experience, as well as training in business and financial skills are vital to running a successful business. They all registered an increase on their sales, total assets and profit during the past 2 years. Three out of five present local owners that a large amount of own capital is important. Three out of five think that independence from financial support by banks is a good thing. All five of them do not support using shop's profit on their families. They keep record of their transactions.

### **Conclusions**

The previous local owners have poor financial controls as compared to the foreign owners and present local owners according to the total of yes or no questionnaires depicted in the

table. Therefore, the foreign owners are best in planning and control followed by present local owners.

The previous local owners have little financial skills as compared to the foreign owners. The foreign and present local owners have good management skills according to the totals of questionnaires depicted on the table.

#### 4.4 SYSTEMS AND EQUIPMENT

**TABLE 4.6. Summary of Systems and Equipment.**

Question	Previous local owners		Foreign owners		Present local owners	
	Yes	No	Yes	No	Yes	No
Is record keeping important?	2	3	5	0	5	0
Do you have a counter?	5	0	5	0	5	0
Do you have storage racks?	3	2	5	0	5	0
Do you think it is important to have cash register?	1	4	5	0	5	0
Do you have a well-designed and managed record system?	0	5	5	0	4	1
Do you have shelves in your shop?	1	4	3	2	4	1
Do you use your computer to record your inventory?	0	5	1	4	3	2
Do you use till machines?	5	0	5	0	2	3
Do you have seats for customers?	4	1	1	4	5	0
Do you have any vehicle?	3	2	5	0	5	0
<b>Total</b>	<b>24</b>	<b>26</b>	<b>40</b>	<b>10</b>	<b>43</b>	<b>7</b>

Average % score	48	52	80	20	86	14
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### **Analysis of the findings from previous local owners**

Two (2) out of five (5) previous local owners regard record keeping as important. All of the five previous local owners have counter and till machines. Only three out of five owners have storage racks and vehicles. All of the previous local owners do not have a well-designed and well managed system and computers. One out of five owners has cash register and shelves. Four out of five have seats for customers.

### **Analysis of findings from foreign owners**

All five foreign owners regard record keeping as important. They all have counter, storage racks, cash register, well designed and well managed record system, till machines and vehicles. Three out of five have shelves. Only one out of five has a computer and seats for customers.

### **Analysis of findings from present local owners**

All of the five present local owners regard record keeping as important. All present local owners have a counter, storage racks, cash register, and seats for customers and vehicles. Only four out of five owners have shelving mirrors and well designed and managed record system. Three out five have computers while the other two have till machines.

### **Conclusions.**

The present local owners have sufficient systems and equipment as compared to the present local owners and foreign owners. The present local owners have more systems and equipment, followed by foreign owners. Therefore the present and foreign owners have enough system and equipment to sustain their shops from failing.

## 4.5 CAPABILITIES OF WORKERS

TABLE 4.7

Question	Previous local owners		Foreign owners		Present local owners	
	Yes	No	Yes	No	Yes	No
Did you train your workers on business skills?	0	5	4	1	3	2
Do your employees have knowledge of operating a till machine?	2	3	4	1	3	2
Do your employees know how to use the computer?	1	4	3	2	4	1
Do you have bookkeeper?	4	1	5	0	3	2
Total	7	13	16	4	13	7
Average % score	35	65	80	20	65	35

### Analysis of findings from previous local owners.

The previous local owners did not train any worker on business skills. Two out of five of previous local owners can operate till machine. One out of five of previous local owners' employees can use the computer; previous local owners did not have bookkeepers

### Analysis of findings from foreign owners.

Four out of five foreign owners are trained on business skill. Four out of five foreign owners have knowledge on operation of till machine. Three out of five foreign owners know how to use the computer. All foreign owners have their own book-keepers.

### Analysis of findings from present local owners.

Three out of five present local owners are trained on business skills. Four out of five present local owners know how to use a computer. Three out five present local owners have bookkeepers. Three out of five present local owners have knowledge on how to operate till machines.

**Table 4.8. Summary of the number of workers working in the shop.**

Owners	Number of workers in the shop					Total number of workers	% of total worker employed by all shops
	2	3	4	5	6		
Previous local owners	2	3	0	0	0	13	22
Foreign owners	0	2	1	0	2	22	37,3
Local owners still operating	0	1	0	3	1	24	40,7
Total Number of workers	4	18	4	15	18	59	100

### **Analysis of previous local owners**

All previous local owners have two to three workers. These workers were either woman or children who did not have formal training in business skills. As discussed in the previous paragraph, the previous local owners do not have both a till machine and a computer. The items sold are recorded manually on paper when customers make their purchases.

### **Analysis of findings from foreign owners**

Present shop owners who were interviewed have three- six employees. Till machines are used to record sales to the customers; and no computer appliances are used. In one shop the person who operated the till machine was trained for a week in bookkeeping.

### **Analysis of findings from present local owners**

The present local owners' workers range from 3 to 6 locals. No shop owner interviewed has two workers only. There are three shop owners with 3 workers and four workers respectively. As already discussed two shop owners have book keepers with grade 12 to compile their financial statement. One shop owner has a teaching Diploma and compiles financial statement by himself, while the last two shop owners have book keepers with B.Com qualifications. All five present owners believe that training in business skills, experience and financial skills are vital to running a successful business.

#### 4.6. SUMMARY OF FINDINGS

An extensive review of literature showed that factors that contributed to the survival of businesses are good management skill, record keeping, money management, good planning, good pricing practices, good human resources management and the ability to adapt to the changing demand of business.

Monk (2000:10) states that the reasons for the failure rate of shops include lack of adequate working capital, poor market selection. A very significant reason for the high failure rate is the inability of SMEs to make adequate use of essential business and management practice.

Table 4.9 Summarised scores

Aspect researched	Previous local shop owners	Foreign shop owners	Successful local shop owners
Services offered	17	100	87
Attitudes towards pricing	52	100	96
Quality of the merchandise sold	33	40	73
Management aspects	33	93	82
Financial skills	22,5	72,5	65
Systems and equipment	48	80	86
Capabilities of workers	35	80	65
Number of workers in the shop	22	37,3	40,7

In table 4.8, all the percentage scores of yes for each question is summarised for the first seven tables. The last line entry is a percentage of total workers employed. Table 4.8 will now be discussed.

#### COMPETITION

Services offered

The previous local shop owners have offered poor services to communities than foreign owners and present local shop owners.

The foreign shop owners and present local shop owners are offering better services.

Attitudes towards pricing

The research done with the previous local shop owners, foreign shop owners and present local owner's showed that foreign shop owners and present local owner's price merchandise taking demand and competition into account, while the previous local shop owners disregard prices of competitors and price levels.

### **Quality of the merchandise sold**

The quality of the merchandise sold by the previous local shop owners tended to be lower than the quality sold by foreign shop owners and present local shop owners.

### **Management aspects**

#### **(Planning and control)**

The planning and control by previous local shop owners was very poor as compared to the foreign shop owners and present local shop owners.

Foreign shop owners have better management skills than the present local shop owners.

### **FINANCIAL SKILLS**

The previous local shop owners scored very low on financial skills as compared to the foreign shop owners who scored the highest, and the present local shop owners who scored the second from the foreign shop owners.

### **SYSTEMS AND EQUIPMENT**

The foreign owners and present local owners have enough systems and equipment available. The present local shop owners have more systems and equipment available than the foreign owners, while the previous local shop owners had very limited systems and equipment.

### **NUMBER OF WORKERS IN THE SHOP**

The present local shop owners have more workers in their shops, followed by foreign shop owners and the last one being the present local shop owners.

The previous local owners are not eager to change their business models instead they lease shops out. The present local shop owners still operating are operating more or less the same way as the foreign shop owners. They buy stock in bulk and compete with the foreign owners.

## **CAPABILITIES OF WORKERS**

The foreign shop owners have more capable workers, followed by present local owners.

The previous local owners had more workers who were incapable (without enough capacity). The foreign owners and present local owners have more skilled workers than the previous local owners.

## **CONCLUSION**

According to Lindgren, Saghaus and Knudsen (2009), innovation and competitive advantage are based on humans creating something totally different. They further indicated that an increased number of industries try to develop and implement radical new business model with the purpose of staying competitive and staying in business.

The previous local owners are not eager to change their business models instead they lease shops out. The present local shop owners still operating are operating more or less the same way as the foreign shop owners. They buy stock in bulk and compete with the foreign owners. They are more concerned with quality than even the foreign shop owners and are therefore, more competitive.

The foreign owners and present local owners still operating are competing each other. They operate more or less the same. They use the same model of business. The previous local shop owners can be able to take over their shops and run them successfully if they can be able to follow the business model used by foreign owners and present local shop owners still operating.

It is, therefore, concluded that according to this research it seems as if there is a type of business model that is used to explain some of the differences between shop owners who lease their shops out on the one hand and the foreign shop owners and present local shop owners who are successful on the other hand. This aspect will now be explored further in line with research design which was qualitative allowing for the scope of the research to change as result of certain tendencies such as leasing the shops.

If one looks at all the findings together there seems to be a pattern of doing business in a different way between the groups, expand on that pattern.

## **DIFFERENT BUSINESS MODELS COULD BE ONE OF THE REASONS WHY THEIR BUSINESSES FAIL.**

In the literature reviewed and interviews conducted, it becomes clear that capabilities of workers in the form of working capital Human Resources skills, and technological appliances such as computers, play a role for the effective running of the shops. It is also clear that management (planning, organizing control and leadership) and competition in the form of services offered, quality of merchandise sold and pricing also contributed to the reasons why black rural business owners lease shops out.

Shop owners should start evaluating their shops annually in terms of customers, suppliers and revenue. After evaluating all transactions with a group of stakeholders, shop owners must create a value through the exploitation of business opportunities.

When shop owners develop the new business models, they need to be in a strategic position, which means that they should perform similar activities differently from their competitors. Competitive innovation strategy should be implemented in an important way but differently.

Although several reasons were given by previous local owners, such as shops being their only sources of income and family dependents, they may not be considered as permanent hindrances towards the sustainability of their shops.

Foreign owners and present local owners still operating are able to use the resources they have strictly for the business. This calls for financial discipline.

Their families and businesses are separated. Business remains a legal entity. They are not influenced by any temptations to temper with business money.

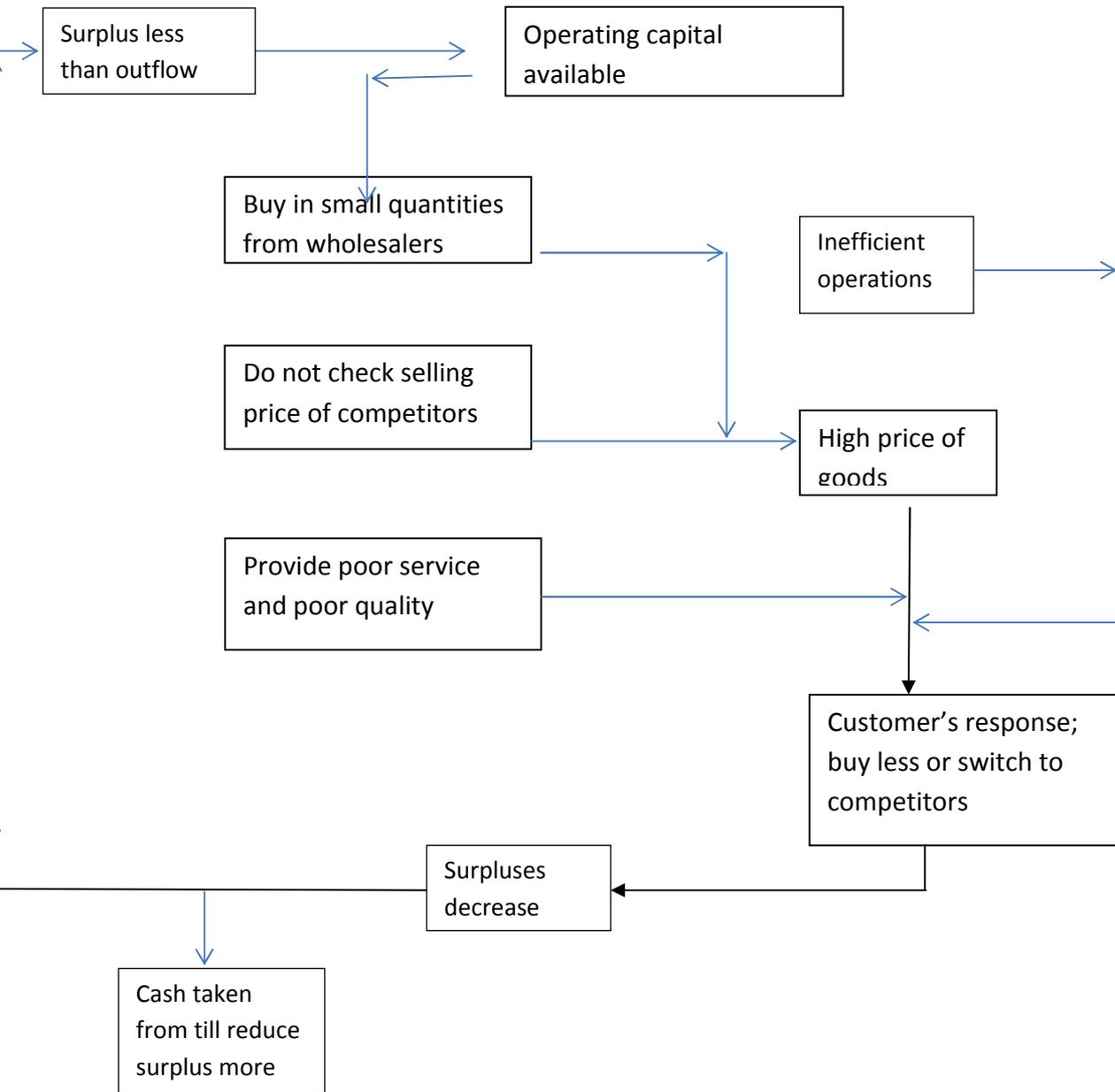
Foreign owners are able to network. They buy stock in bulk and get discount and sell things cheaper strictly cash, no credit.

Previous local owners buy their limited stock from wholesalers and get no discount. And when they sell those goods, they do so at a higher price to get the profit or markup. Therefore, most customers will move from their shops and buy at a cheaper shop.

The following flow chart depicts the high-pricing model used by previous local owners.

Revenue model pricing should be clear and reflect the basic core value of the product or service and competitive forces. While frills should be avoided, a well-designed menu of incremental options can be the real source of enhanced profit. (Kachaner, Lindgardt and Micheal, 2011:44)

Figure 5.1 A business model for shop owners who failed

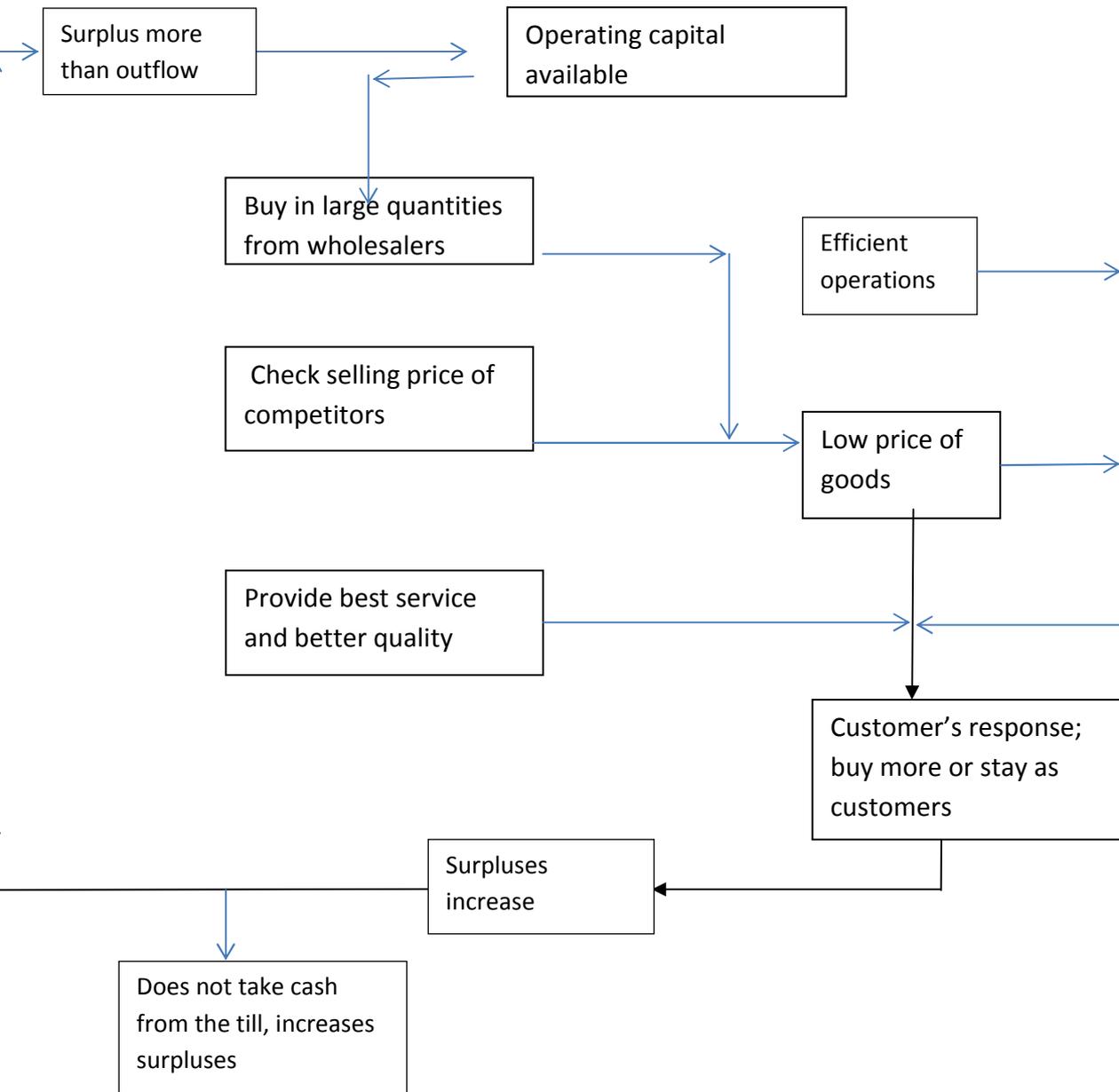


The business model of foreign owners and successful present local owners shown involves a great deal more than merely offering current customers an opportunity to buy the same goods for less. It is, most importantly, a new value proposition that addresses both existing and new customers and is supported by a different operating model. For example, offering a limited range of products without compromising on quality is a key element of many low-cost business models. (Kachaner, Lindgardt and Michael, 2011:43)

Effectively, pricing innovative models involves rethinking both the amount of money charged and the points where and when the customers pay. From the interviews conducted, foreign owners showed low-pricing model. The foreign owners will buy their stock from wholesalers in bulk and get discount. They will further sell goods at a low price to customers. Most of our rural consumers go to shops that sell cheap goods. According to Pickle and Abrahamson (1986:451), most small businesses that stress discount prices are attempting to offer a low markup in order to build their volume of business.

The cost model begins with a cost target consistent with profitability delivering on the value proposition and then works backward to achieve it. Most low cost innovators achieve a low-cost position across the entire value chain from sourcing through distribution, but in some cases and for some value propositions, it may be essential to spend more in a limited number of areas critical to competitive advantage. (Kachaner, Lindgardt and Michael, 2011:44)

Figure 5.2 A business model for successful shop owners (foreign owners and present local owners)



## **CHAPTER 5**

### **5. Conclusion and recommendations.**

#### **5.1 Introduction**

The purpose of this research report was to investigate the reasons why black rural business owners lease shops out. Conclusion from the literature review and from the result of the study will be given in this chapter.

#### **5.2 Summary of the findings, conclusion and recommendations.**

##### **5.2.1 Competitiveness**

The reasons why black rural business owners lease their shops out depend, to a large extent, on their ability to compete effectively with other shops.

According to the findings, the present local owners and foreign owners are able to sustain their shops so that they render best services to the clients. They are able to check expiry dates of their products so as to avoid selling stale items. They have suggestion boxes for customers to raise their queries. These queries are addressed within a short period of time by the shop owners. Goods are delivered freely to relevant people by car without charging them.

The other finding is the price charged and merchandise sold. The present local owners and foreign owners charge the lowest prices to the customers. Customers are fond of cheaper prices.

The quality of merchandise sold attracts customers. The quality of merchandise, buying of stock on bulk, enough stock in the shop, stocking according to the need of the customers and checking expiry date attracts customers.

Buying stock in bulk is very important for discount purposes, so that they can sell merchandise at a lower price. The previous owners need to re-model their businesses and change their business model. Networking with other shop owners can allow them to buy stock in bulk and sell at a discount.

The findings indicated that the present local owners and foreign owners are offering best services, quality merchandise and good prices. That is the reason why they stay competitive all the time than the previous local owners who leased their businesses.

#### **Recommendations**

It is recommended that shops consider the level of service offered, quality of merchandise and prices charged as important and be given priorities in the business. Networking in the business is important to be able to buy stock in bulk, in groups at a cheaper price. The shop owners will be able to sell items at cheaper prices but continue getting good mark-up.

### **5.2.2 Management skills**

Planning, control and financial skills are considered in the following findings:

#### **Planning and control**

For any business to run successfully, the shop owners must be guided by the goals set. Goals direct business to the positive direction. The present owners and foreign owners set goals for their shops and that is why their shops are still working well. The previous local owners did not have any goals, that is the why they failed and leased their shops.

#### **Recommendations**

Good planning and control is very important in management. The government must make interventions to assist all local shop owners by arranging workshops for them on planning and good control. The previous local owners must be taught how to set the goals and follow them, to keep record of transactions, to monitor and keep the budget of the shop separate from their family's expenses.

#### **Financial skills**

The present local owners and foreign owners know how to compile financial statements in their shops; using book-keepers, auditors or compile financial statements on their own. The researcher was able to find that the previous local owners used business money for their own things unlike the present local owners and foreign owners.

#### **Recommendations**

It is recommended that every shop owner should be trained on financial skills. They must be able to understand the PFMA. Their books must be audited annually.

### **5.2.3 Systems and equipment**

All the present local owners and foreign owners have good systems and equipment. The present local owners have good systems and equipment than even the foreign owners. Foreign owners have well designed and managed record systems than previous local owners. Good enough systems and equipment are needed for the shops to be sustainable. Resources such as computers are important to capture stock (inventory).

#### **Recommendations**

It is recommended that all shop owners should at least have a counter, computer, and well designed and managed system, cash register, shelving mirrors and vehicles. Lastly, record-keeping must be done daily.

### **5.2.4 Capabilities of workers**

The capabilities of workers are very important in business. There is a need for training and development of black rural business owners on management and appliances of

technological skills. The training of the cashier in bookkeeping skills by a foreign owner is very relevant. The fact that successful local owners have more qualifications probably assists them to cope. The previous local owners who failed had little formal training.

The following are some of the suggestions recommended for implementation.

### **Recommendations**

Shop owners should be trained and capacitated so that they, in turn, can capacitate their workers. They must also motivate their workers all the time through bonuses or by certificates. The Greater Letaba Municipality should get data of all businesses particularly shops that were leased out. The municipality should develop training for them on all relevant skills for their business. The following are comprehensive groups of basic business operations skills: general business management, for example, short-term planning, budgeting handling security and safety, record keeping for examples inventory control and bookkeeping; financial management, for example handling of credit, debt and repayment; interpersonal relations, for example handling of employees, and customer relations for example selling, and dealing with customers (Smart, 2002:1 and Van Dyk et al., 2001: 425).

### **5.3 The use of the correct business model**

If one looks at all the findings together, there seems to be a pattern of doing business in a different way among the groups. It was stated in chapter four that different business models could be one of the major reasons why their businesses fail.

The present local owners and foreign owners operate more or less the same, their family budget is separated from the budget of the shop, they are able to record each and every transaction, they are able to monitor their shops daily and do stock-taking, unlike the previous local owners who cannot do all of the abovementioned things correctly. That is why they failed to plan and control in their shops hence they leased them out.

#### **Recommendation.**

The lower pricing business model is recommended. The adoption of a business model aimed at competitiveness is recommended and this should be advocated by all government departments involved. The municipality should also play a role to make business owners aware of the part they have to play in the community including their business.

Van DykNel, Leadoff and Haasbroek (2001:15) argue that the government is ultimately responsible for developing policies and laws aimed at the promotion of economic growth and social development of all its citizens. Its role in education and training is reflected in the policies and laws, aimed at developing skills.

Business resources should be strictly used for the business. A shop should be separated from the family and the business should remain a legal entity.

Selecting a pricing strategy, for example penetration pricing by setting a lower than normal price to hasten market acceptance of a product or service or to increase market.

Price determination should not only be based on a technique such as a breakeven analysis, but must also include consideration of market characteristics and the organization's current marketing strategy (Longenecker et al., 2003:404-407).

## **CONCLUSION**

The previous local shop owners can be able to sustain their businesses without leasing them; these shop owners should be taken to workshops to learn about management as how to compete in the business in terms of quality of merchandise sold, prices and resources

The researcher wants to encourage the local businessmen to grow in business in order to assist the government to fight poverty. Rural business must grow to provide job opportunities in the municipality.

The researcher learned that any business, if run by disciplined shop owner, who can consider all fundamentals of business stated above, can succeed. The low pricing model of business is vital, particularly in the rural areas where unemployment is high. Most clients like cheaper merchandise

The municipality should, therefore take a lead in assisting all shop owners who are ready to restart their business and further support those who are presently running the business. Networking in business is important in as much as partnership in running the business is also important.

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## APPENDIX A

### QUESTIONNAIRES ABOUT THE STUDY OF THE ANALYSIS OF THE REASONS WHY BLACK RURAL BUSINESSOWNERS LEASE SHOPS OUT.

Research Questionnaire: Only for administrative use

Respondent's name	Respondent's telephone number	Region/district	Village

**Please answer all the questions as far as possible.**

**Confidentiality will be maintained. A summary report will be made available to you on request.**

#### **Information about you and your business.**

1 Does this business belong to you?	Yes	1	No	2
2 Did you own this shop for the past 10 years?	Yes	1	No	2
3 Are you the sole proprietor of this business?	Yes	1	No	2

#### **Section A: Questions about competition.**

##### **Services offered**

1. Do you think pricing of items in the shop is important?	Yes	1	No	2
2. Do you know how to price items in your shop?	Yes	1	No	2
3. Do you check the expiry date of items or products from time to time?	Yes	1	No	2
4. Do you have suggestion box for the customers in the shop?	Yes	1	No	2
5. Do you stock frequently?	Yes	1	No	2
6. Do you record the items returned by dissatisfied customers?	Yes	1	No	2

7. Did you ever receive complaints from customers about your workers?	Yes	1	No	2
8. Do you sometimes observe how your employees serve your customers?	Yes	1	No	2
9. Do you sometimes compare your pricing with other shops?	Yes	1	No	2
10. Do you deliver goods to customers without charging them?	Yes	1	No	2

### Prices charged

Do you think pricing of items is important?	Yes	1	No	2
Do you know how to price items in your shop?	Yes	1	No	2
Do you sometimes observe how employees serve your customers?	Yes	1	No	2
Do you deliver goods to your customers without charging them?	Yes	1	No	2

### Merchandise sold

Does your shop have enough merchandise to be sold?	Yes	1	No	2
Do you consider the quality of merchandise sold?	Yes	1	No	2
Do you buy stock in bulk?	Yes	1	No	2
Do you check the expiry date of your items or products all the time?	Yes	1	No	2
Do you stock according to the need of customers?	Yes	1	No	2
Do you record the items returned by dissatisfied customers?	Yes	1	No	2

### Section B: MANAGEMENT.

#### Planning and control

Do you think goals are important in the shop?	Yes	1	No	2
Do you set goals for the shop?	Yes	1	No	2

Do you draw the vision and mission of the shop?	Yes	1	No	2
Do you budget for the shop?	Yes	1	No	2
Do you take the business money and use it for your own things?	Yes	1	No	2
Do you keep record of your transactions?	Yes	1	No	2
Do you bank business money daily?	Yes	1	No	2
Do you do stock taking?	Yes	1	No	2
Do you monitor your shop daily?	Yes	1	No	2

How do you monitor your shop?

.....

.....

Why do you think it is necessary to buy stock?

.....

.....

Is your shop busy during the week or on weekends?

week	1	weekends	2
------	---	----------	---

How do you manage your workers not to steal goods?

.....

.....

## Financial skills

Do you compile financial statements for your business?	Yes	1	No	2
Do you compile them yourself?	Yes	1	No	2
Does a book keeper compile them?	Yes	1	No	2
Does an auditor compile them?	Yes	1	No	2
Did you have an increase on the sales during the past two years?	Yes	1	No	2
Is a large amount of own capital important?	Yes	1	No	2
Are financial skills important?	Yes	1	No	2
Is it important to be independent of financial support by banks?	Yes	1	No	2
Do you take the business money and use it for your own things?	Yes	1	No	2
Do you keep record of your transactions?	Yes	1	No	2

**Did you have a decrease or increase in the following areas during the past 2 years.**

Sales	Same	0	Decrease	1	Increase	2
Total assets	Same	0	Decrease	1	Increase	2
Profit	Same	0	Decrease	1	Increase	2

## Section C: SYSTEMS AND EQUIPMENTS.

Is the record keeping important?	Yes	1	No	2
Do you have a counter?	Yes	1	No	2
Do you have a storage rack?	Yes	1	No	2
Do you think it is important to have a cash register?	Yes	1	No	2
Do you have a well-designed and a well-managed record system?	Yes	1	No	2
Do you have shelving mirrors?	Yes	1	No	2
Do you use your computer to record inventory?	Yes	1	No	2
Do you use till machines?	Yes	1	No	2

Do you have seats for customers?	Yes	1	No	2
Do you have any vehicle?	Yes	1	No	2

**SECTION D: CAPABILITIES OF WORKERS**

1. How many workers are working in this shop?.....

2 . What are their capabilities?

.....

.....

.....

.....

Owners	Number of workers in the shop					Total
Foreign owners						
Previous local owners						
Local owners still operating						
Total						

## Appendix B: List of questions used during interviews

<p><b>A RESOURCES</b></p> <ol style="list-style-type: none"> <li>1. How many workers are working in this shop?</li> <li>2. Are their skills good for the shop? YES\NO. If yes, which skills do they have?</li> <li>3. Do you keep a record book? YES\NO. How do you control your stock?</li> <li>4. Do you bank business money daily? YES\NO. Why do you think it is important to bank business money?</li> <li>5. Do you reconcile financial statements of your shop monthly? YES\NO. How do you run your finances?</li> <li>6. Do you use a computer to record your inventory? YES\NO. How do you record your inventory?</li> <li>7 Do you do stock-taking? YES\NO. How do you do stock taking?</li> <li>8. Do you have a receipt book? YES\NO. Is it necessary to have receipt book?</li> </ol>	<p><b>B. MANAGEMENT</b></p> <ol style="list-style-type: none"> <li>1. Do you think goals are important for the shop?</li> <li>2. Did you set the goals for the shop? YES\NO.</li> <li>3. Did you draw the vision and mission of the shop? YES\NO.</li> <li>4. Do you budget for the shop? YES\NO.</li> <li>5. Do you monitor your shop daily? YES\NO. How do you monitor your shop?</li> <li>6. Do you do stock-taking every day? YES\NO.</li> <li>7. Do you buy your stock in bulk? YES\NO. Why do you think is necessary to buy stock in bulk?</li> <li>8. Is your shop busy during the week or weekends?</li> <li>9. Do you take the business's money and use it for your own things? YES\NO. Why?</li> <li>10. Do your workers steal money and goods? YES\NO. How do you manage your workers not to steal?</li> </ol>
<p><b>C. COMPETITION</b></p> <ol style="list-style-type: none"> <li>1 Do you think pricing of items in the shop is important?</li> <li>2 Do you know how to price the items in your shop? YES\NO.</li> <li>3 Do you check the expiry date of your items or products all the times? YES\NO. Why?</li> <li>4 Do you have a suggestion box for the customers in your shop? YES\NO. How do you manage it?</li> <li>5 Do you stock according to the need of your customers? YES\NO. Why?</li> <li>6 Do you record the items returned by dissatisfactory customers? YES\NO.</li> </ol>	<ol style="list-style-type: none"> <li>7 Did you ever receive complaints from customers against your workers? YES\NO. How do you handle complaints?</li> <li>8 Do you sometimes stay in the shop and observe how your employees react to your customers? YES\ NO. Do you think it is necessary?</li> <li>9. Do you sometimes compare the pricing of your items with those of other shops in the neighborhood? YES\NO. Why?</li> <li>10. Do you deliver goods to customers without charging them? YES\NO. Is the delivery of goods to customers a good idea? Why?</li> <li>11. How do you decide on prices? As high as possible or as low as</li> </ol>

	possible?
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**APPENDIX C: INTERVIEW RESPONSES FROM PRESENT OWNERS (foreign)**

SHOP 1

I have 4 (four) workers, two have the necessary skills they (they went for a one week course training). Yes, I keep record. In the afternoon we compare the receipt in the till machine with the record book. They use till machine not computer. We bank money daily using two cars to avoid being robbed or spending the money.

Stock taking is done all the times, a new inventory cannot be entered before we check / calculate the previous one.

The receipt book is important because it helps us attach to what? for taxes, returns and compare with the manual recordings.

The business's goal, vision and mission are written on the flipchart. This assists him to look at it everyday before starting to sell. The shop has its own budget. The budget of the shop is separated from the family's budget.

As the owner of the shop, I am always in the shop, except when I have gone to buy stock.

The shop is highly monitored. I don't put everyone next to the till machine.

I buy stock / inventory in bulk at Louistrichardt Wholesale on credit. Buying in bulk is cheap and you can sell at a reasonable price. The business's money is for business, you don't touch it.

Be honest and trustworthy in business. Wives and children are not needed next to the till machine. Do not go for more wives, they will eat up your money.

How do you manage your workers not to steal?

Workers steal, but it is easy to get them because of stocktaking that we do daily.

Do you take money for your own things? Why?

No. we do not buy anything that people sell. There is a special food that we eat and we have time to eat. You South Africans you eat almost everything that comes.

I don't like fashion. This trousers are very strong, they can last almost a year if you have two of them. We save money; you only spend money when you have profit.

Why is it important to check expiry date of items?

Customers must get satisfied on the time. They must not return items.

How do you manage suggestion boxes?

- It assists us identify the weaknesses and strength of the shop for improvement.

How do you handle complaints?

The same way as I handle the suggestion boxes.

Why do you compare prices of items with other shops?

You need to be competitive in the business, sell things cheaper but get profit. (Buying stock in bulk is cheaper).

Why is it important to deliver goods to customer without charging them?

A good marketing strategy to attract customers from various distances.

## SHOP 2

There were five workers, one left because they stole my goods.

Which skills do your workers have?

Financial skills, I taught them how to balance stock and how to sell using the till machine.

Yes, keep record.

Controlling the stock starts from recording every item which is bought and recording every item sold.

No Computer

Banking money everyday is good. We have two cars collecting money everyday. South Africa has high crime rate.

Receipt book assist people who need invoices. Some companies cannot buy from you if you do not have a receipt book.

Why do you think it is important to set goals?

Vision and mission of the organization directs organization. They shape the direction of the shop.

Budget of the shop and family do not mix.

How do you monitor the shop?

My younger brother is always here, as I go to the other business, he remains and I trust him.

Why do you buy your stock in bulk?

If you buy in bulk, you get discount and you can sell items cheaper to attract customers.

How do you manage your workers not to steal?

Not easy, I chase the other, one who stole cans of fishs. The best way is to stop hiring them.

Do you use money of business for your own thing? Why?

No, the business will be bankrupt. Everything that I buy must come from the plan. You don't just buy anything on the street.

Maximize profit.

Do you think pricing is important? Why?

Customers like cheaper things. Economy is falling. People are unemployed, buy things cheaper and sell cheaper.

Why is it important to check expiry date?

Health is important, customers will run away if you sell rotten things.

How do you manage suggestion boxes?

I have note book to write complaints, remarks.

Why do you compare prices of items with other shops?

It is important to know your competitor's strategies of selling. He increase sales, and you do not, that will make customers run away.

Why is delivering goods without charging customers important?

Customers like their goods delivered in time after buying. Not to remain in shop.

## SHOP 3

There are six workers including me (the owner of the shop).

I have business skills, I did business management?

NB: Record book is important.

How do you control stock?

By recording all the invoices of items purchase, check the cost and the selling price to get profit.

Banking money daily or twice per day reduces risk of crime. We use a common car.

No computer

Receipt book is important for the business.

## B. MANAGEMENT

Goals direct your organization in the coming years.

How do you budget for the shop?

I save the profit I got after selling. Saving the profit, will make accumulation of profit.

How do you monitor the shop?

Yes! There are cameras to check those stealing.

Why do you buy stock in bulk?

It is cheap and you get discount, customers will buy cheap stuff but do not compromise quality.

How do you manage your workers not to steal?

I have cameras and I monitor myself.

Do you use business's money for your own things? Why?

Never put your wife in business or have so many wives, they will make you spend money for unnecessary things, like groceries, clothes.

NB: Buy things by plan. Eat by time; do not eat everything that passes by. Buy quality clothes in order for them to last.

Why is pricing important?

Customers can run away because you are expensive. Check nearby competitors, check items that they sell cheaper and those that are very expensive. Compare and make your own price.

Why is it important to check expiry date of items?

Do not sell rotten things, customers will run away? Sell fresh things.

How do you manage suggestion boxes and complaints?

"Check change before you leaves the counter"

It avoids complaints.

I have a small box where customers are free to raise their problems and I check it monthly and effect changes or improvement.

Why is delivering goods to customers without charging them important?

It is important when you are a well – established business. I deliver but not far distances because of one car.

## SHOP 4

### 3. Workers.

Only people working with a till and stock – taking, were trained financial skills for a week.

Record books are kept and updated at the time.

Why is it important to bank money daily?

Banking money daily saves unnecessary expenses. Giving women money for the business is avoided. Avoid crime.

How do you run your finances?

I compare the receipts from the till machine with the recorded items in the book and check whether they talk to each other.

No computer.

Stock taking is done all the times.

The receipt book is important.

Why is it important to set goals for the shop?

My set goals are written here in my diary. I check them all the time to get direction.

How do you budget for the shop?

I make the cost and profit of the shop a starting budget of the shop for six months.

How do you monitor the shop?

I monitor the shop daily by myself

I am always here.

Why do you buy stock in bulk? To get discount, I will also give discount to my customers?

NB: It makes me sell things cheaper.

How do you manage your worker's not to steal?

There are cameras i also search them when closing before they go home.

## SHOP 5

There are three workers.

No, I took them all to the one week training to handle finances.

I always keep record books.

The record books should have space for inventory at hand and new inventory.

Banking business money daily is important, but it depends on the resources you have. I have one car that goes to buy grocery on a weekly basics. I sometimes bank weekly.

Crime is high, they sometimes rob me.

I bought the computer, I must first train my worker who uses the till machine.

Receipt book is important it supplement manual recordings.

Why do you think is important to set goals?

Vision and mission of the organization directs organization. They shape the direction of the shop.

Budget of the shop and family do not mix.

How do you monitor the shop?

My younger brother is always here, as I go to the other business, he remains and I trust him.

Why do you buy your stock in bulk?

If you buy in bulk, you get discount and you can sell items cheaper to attract customers.

How do you manage your workers not to steal?

Not easy, I chase the other, one who stole cans of fishes. The best way is to stop hiring them.

Do you use businesses money for your own things? Why?

No, the business will fall. Everything that I buy must come from the plan. You don't just buy anything on the street.

Maximize profit.

My set of goals is clear. Vision and mission of the organization direct the organization. They shape the direction of the shop.

The budget of the shop remains the budget of the shop. (ring-fenced) item.

I left the family home so that they cannot temper with my business. I only send money after profit.

I monitor the shop myself.

It is important to buy stock in bulk, you get discount, and sell cheaper.

Do you take business's money and use it for your own things? Why?

Sometimes you can use business money to address problems of your own. But you must.

Come and bring it again when you made profit.

The honest wife can assist you to run the business.

Workers steal, but we can get them or discover when we do stock-taking.

Pricing is important to maximize profit. You need to know your mark-up.

Checking expiry date is important, so as to sell fresh food all the times.

Suggestion box is important to improve the standard of the shop to attract customers.

It promotes customers – relationship it reduces complaints.

I normally compare my pricing with other shops. It is either I negotiate for discount at the wholesale and sell cheaper than my competitors.

NB: Delivering goods without charging customers, is my prerogative.

## **APPENDIX D: INTERVIEWS AND RESPONSES FROM PREVIOUS OWNERS**

### **SHOP 1**

He had 2 workers

Their skills are good but do not use them effectively. The wife has financial skill.

Records are not kept .

Do you bank business money daily?

No –lack of transport

They put money in safe.

We are unlit rate, we cannot reconcile.

No computer

Why not do stock taking?

I look at the shelves and see that there is inventory which must be purchased.

I use an omo card box or a blank paper and stamp it if in case they need a receipt or invoice

Resources are not available.

What are goals for!

I just need to be rich.

The shop's budget is both for the shop and family is the same.

My wife assists me to monitor the shop.

It is not necessary to take stock all the time. I have only few items.

Do you buy the stock in bulk?

No do not have enough cash. These guys at the wholesale cannot give us what? on credit.

The shop was busy during the week than weekends.

Competition

Why is pricing important?

To beat other competitors

Why do you compare prices?

To compete. I can maximize sales.

Why do you check expiry date?

I must sell fresh food.

### **SHOP 2**

He has 3 workers

One worker has business management (certificate)

No transport to bank money. It is important to avoid thieves.

Records book is there to register items that are sold.

No financial reconciliation.

I check the numbers of items entered and items left in the record book and balance manually.

No computer.

No stock- taking – I only write all the items which are finished.

No receipt book.

Goals are set, but not followed because of financial crisis.

It is very difficult to budget for the shop all the time. I am the only person who supports the family.

There is nothing in the shop to monitor. I sometimes sent the kids to sell after school.

The Indians and Somali's took the business

Why do you take money and use it for other things?

My family must eat from this shop.

I cannot buy in bulk because customers took our stock on credit and cannot pay back.

Competition

Pricing is important to get your make up.

Expired items consume your cost and profit. I do not check all the time. I only see when they return the item.

The suggestion boxes are not even important because if you do not have resources, nothing will happen.

### SHOP 3

Only 2 workers

What skills do they have?

No skills, they only rely on the experience of the business.

How do you control stock?

There is record book, but it is difficult to control it because you depend on the business for the family support.

Why do you think is important to bank money?

It is important because you avoid theft, crime is high.

How do you run your finances?

I put money in the safe but use it if family need arises.

No receipt

No stock-taking

Management

Do you think goals are important?

Yes, they are because they give direction.

How do you budget?

The budget of the shop and my family is the same.

You cannot do stock-taking when you do not have money to stock.

My family children depend on this for survival, school and clothing

Why is pricing important in the shop?

You attract customers by pricing.

Why is it important to check expiry date?

Your cost plus profit go away

### SHOP 4

There are 3 workers in the shop

Which skills do they have?

They know how to run the shop, check the money every day.

How do you control stock?

We have a note-book to record the sold and price is written down to check after closing.

Why do you think it is important to bank money?

The money remains safe. You cannot use it as when you need it. But the problem is transport to go to the bank – too much money.

How do you earn your finances?

I keep my money in the safe until it is too much and take it to bank.

How do you do stock-taking?

I record my stock in the note book. I count my stock after selling not daily. Sometimes I just look at the empty shelves and write down shortages

How important is the receipt book?

Very important. I use a card box or paper and stamp it if anyone wants it.

How important are goals in the shop?

Very important, but it is difficult to follow it, because of financial crisis. Goals need somebody to be strict. I cannot sleep without eating when money is there because of goals. No! No!

How do you budget for the shop?

The budget for the shop is there, but sometimes it affects my family budget if I have no stock, I use my money at home to buy stock.

Why do you take business money and use it for your own things?

I told you that I use my family money to buy stock so that I get profit and use it to support my family.

Why is pricing items important?

To beat your competitors.

Why not check the expiry date?

I leave until they are finished.

How do you compare your pricing with other shops?

I do not compare. You will go bankrupt these Indians have wholesalers. They buy stock in bulk.

SHOP 5

3 WORKERS

Which skill do they have?

Knowledge of running a shop.

How do you control stock?

I use a record book, note book and record all items sold.

How do you run your finances?

We don't make too much money. I have money at home to accumulate and go and buy stock.

How do you do stock-taking?

I check on the shelves and count the remaining stock.

Do you think a receipt book is important?

Yes, but I use the card box and stamp it if anyone wants it.

Management

How important are goals for the shop?

Very important. They need somebody who is strict. Somebody who do as not depend on the business to support the family. When you are working is better

How do you budget for the shop?

Very difficult to budget for the shop when you are not working in the firms or other organization

We depend on the shop for survival, all my two wives and 8 children.

How do you monitor your shop?

I cannot stay all the time in the shop. My wife stays I go out to cut fire woods and sell because there is no business here.

Post- apartheid business was very fast everybody was buying in my shop. But now people go and buy outside.

Competition

Why is pricing items important?

You cannot sell without prices, You must make profit when you sell. But you cannot sell; these Somali's beat us with prices. They buy in bulk and sell cheaper.

How do you handle complaints and suggestion boxes?

I only have a note-book to write complaints. I read them weekly and make improvement.

Why do you compare pricing?

To check whether I am cheap or expensive.

These Indians and Somalia's, buy inventory in bulk and they get everything on credit

All our shops have no customers now. They are cheaper, our people like cheap things, with no regard for quality.

### **SHOP 1**

I have 3 workers.

Yes I have a suggestion box.

I stock frequently.

Buying in bulk is very good.

I stock according to the needs of the customers. I take customers as my employers.

I am independent, I do not compare prices, but I know how to price. I deliver goods without changing them.

Quality of merchandise is important. Expiry date is checked. I do not reload bad items.

Yes I will set the goals, budget. Record-keeping of transaction is important.

I do not close and open the shop, my security does that and will also check and search employees to avoid stealing when it is time off.

My shop is busy on weekends

### **SHOP 2**

I have 5 workers

Yes I have a suggestion box

I stock frequently

I will buy in bulk.

Customers are my boss and that is why I always observe how customers are served.

It is good to compare prices and compete by pricing, that is why I know how to price.

Expiry date needs to be checked. Quality of merchandise is important. Items returned are recorded.

Goals need to be set, budget for the shop is checked. Transactions are recorded.

I do stock-taking when I close the shop.

The shop is busy, weekends and during the week.

I use the security to check those employees who steal.

### **SHOP 3**

There are 5 workers

They have suggestion box.

Yes I buy in bulk to sell cheaper things.

Pricing is important and that is why I teach my workers to price in my shop.

I compare the prices to get competitive advantages.

Quality of merchandise is important and that is why I check expiry date all the times.

No records of returned items.

Goals need to be set, budget is needed.

No banking daily.

I do stock-taking when I open the shop.

No employee will come with her or his money to work. After work we search them, more customers on weekends.

### **SHOP 4**

I have 5 workers

Yes there is a suggestion.

We buy in bulk

I do not observe how my employees serve the customers because I am always out.

I deliver goods without money, I can price and I know how to price, expiry date is checked monthly, quality of inventory is important.

I also record items returned.

Goals are important, budget is drawn.

Good at keeping records of transactions.

Yes I bank money daily.

I do stock-taking when closing the shop.

I have a receipt book which works as invoice.

Employees must be checked and searched when it is time off to prevent stealing.

The shop is busy during the weekends.

## **SHOP 5**

I have 6 workers.

We buy in bulk to make cheaper prices.

I observe all the times how my customers are treated by my employees.

It is nice to compete by pricing and by delivery without charging customers.

Yes I compare prices, quality of merchandise is important. Expiry date is checked all the times. Items recorded after returned.

Goals are important and should be set.

Budget of the shop and keep the record of transactions.

Bank business money but not daily, yes I do stock-taking when I close the shop.

The shop is busy during the weekend.

I do stock-taking everyday to manage and check that employees do not steal.

Prices should be as low as possible.