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Business risk management – the key success factor: evidence from shebeens and taverns in Soshanguve Township

Abstract

This study examined the factors that affect business growth by shebeens and taverns owners in Soshanguve Township. Data were collected using structured close-ended questionnaires. The population consisted of 196 businesses, 120 were sampled and 84 responses were received. Frequency analysis, SEM modelling and Chi-square tests were done to analyze the data. Results indicate that majority of the businesses were operating as sole propriety and have been in existence for more than 5 years, hired less than 5 full time employees. The study revealed that there was a weak but positive relationship between capital, managerial skills, government support, legislation, regulations and the growth of the business, while entrepreneurial capabilities showed a strong, and positive relationship with growth. This study concludes that awareness of business risk; its management, willingness to take risk and expand were the key factors to growth. While other factors listed by literature do play a role in the growth but were not paramount to success.

Keywords: small businesses, business risk, taverns and shebeens, sustainability, growth, Soshanguve.
JEL Classification: M13.

Introduction and background

Small businesses in South Africa constitute more than 80% of the business sector while on average, 50% of the small businesses that are started eventually fail (Badenhorst, Cronje, du Toit, Gerber, Kruger, Marais, Strydom, van der Walt & van Reenen, 1997). Benzing, Chu and Kara (2009) revealed that Small and Medium Enterprises (SMEs) account for 99.8% of all enterprises in Turkey and 76.7% of total employment, thereby encouraging the Turkish government to make a commitment of supporting the growth of this sector. They further stated that small businesses are important in strengthening the economies in the United Kingdom, Europe, and the emerging countries of the Far East. There are studies from other countries indicating similar trends. Okpara (2011) concluded that small businesses can play a key role in improving the levels of poverty and economic conditions in Africa, by creating employment and by generating income.

While the SMEs play a key role in the economy, there is no dearth on literature that indicated barriers or causes of failure of small and medium enterprise around the world, however there is lack of study that has systematically studied the relationship between factors that affects business with the growth of such small businesses. Further there is no study that has studied taverns and shebeens which are small retail outlets in the suburbs supply alcohols to the community.

Given this background, this study developed a model to link the factors that affect small business with the growth for taverns and shebeens in Soshaunguve Township situated near Pretoria.

1. Literature review

Small businesses are faced with challenges which hamper their sustainability and thus negatively affect the economic growth. In their study Zhu, Wittman and Peng (2011) revealed that 68% of small businesses in China would close down in their first 5 years; only 19% can survive 6-10 years; and only 13% survive more than 10 years. In South Africa, SMEs failure rate ranks high in the world, as reported by Fatoki and Garwe (2010). About 75% of newly established SMEs in the country cannot be sustained. The success of small businesses has a direct impact on the financial security of thousands of communities.

Studies have identified the following as some of the factors that influence small business namely: Capital, managerial skills and experience, Government support, competing with big businesses, criminal activities, location of business and entrepreneurial capabilities. Each factor is discussed below.

1.1. Capital. According to Herrington et al. as quoted by Smit and Fatoki (2012), South Africa has one of the highest failure rates of SMEs in the world, with lack of capital as the second most reported contri-

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The word tavern was derived from the Latin *taberna* or the Greek tavern, which original meaning was a shed or workshop. According to Mkize (2012), a tavern can be described as a place of business where people gather to drink alcoholic beverages and are served food, and in some cases those travelling through the town or city may receive lodging. Most of these taverns are licensed, regulated and they attract international tourists as well as locals. Some grew into taverns with bed and breakfast facilities and a curio shop. Taverns are highly organized and adhere to a code of conduct that was drawn up in collaboration with the police to help stamp out crime. For instance, the code stipulates that alcohol should not be sold to children. Taverns are also not allowed to operate beyond midnight and are discouraged from selling alcohol to drunken persons.

The word shebeen derives from the Irish *sibin*, meaning ‘illicit whiskey’. Shebeens are now very common in traditionally black townships where they started as an alternative to pubs and bars, from which during apartheid times, black Africans were barred. Originally shebeens operated illegally, selling home-brewed alcohol and were also meeting places for activists of the struggle against apartheid. It is only as time evolved that they also sold commercial beer, spirits, brandy and whiskey.

butor. This has also been confirmed by both the Johannesburg and Durban studies of Small Medium and Micro Enterprises (SMMEs) conducted by the World Bank that lack of credit is a core business constraint faced by the emerging SMMEs (Rogerson, 2008). The most common finding in this study was the use of personal savings or borrowings from friends and relatives for business start-up. Issues of poor access to and high interest rates were underpinning the low usage of formal bank loans and were worsened by complex application processes, lack of collateral and credit history.

Gill and Biger (2012) stipulated that external debt is not readily available to SMEs in developing countries. Further the bank loans are not available to SMEs because banks require collateral, which the typical entrepreneur in a developing country does not have. Their study in South Africa found that only 2% of new SMEs can access loans from banks. Foxcroft et al. as quoted by Fatoki and Garwe (2010) found that there was a 75% rejection rate on applications for bank credit by new SMEs in South Africa.

1.2. Managerial skills and experience. Okpara (2011) revealed that the majority of owners surveyed did not have sufficient management skills before starting to run their businesses. They also lacked the basic business management skills which affected their businesses in terms of growth. Some do not keep records/accounts, nor do they have a bank account, while some spend their capital because they cannot differentiate between business capital and profit. This leads to business stagnation, cash flow problems and thus failure. In addition, Bezuidenhout and Nenungwi (2012) stated that there is evidence that a lack of management capacity and skills among small business owners/managers is one of the major reasons for the high failure rate of businesses in the small business sector. Their study identified that training in areas of financial management, risk management, industry awareness and project management has the potential to be a solution to the many problems facing small businesses in South Africa. Smit and Watkins (2012) reached a similar conclusion that the failure rate of SMEs can be partially attributed to poor management skills. Their study confirmed SME owner-managers' ignorance regarding the management of internal and external risks that their businesses face. They concluded that by incorporating a structured approach to enterprise risk management within SMEs, potential benefits such as cost reductions, reducing the over-management of risks and organizational alignment towards the SME's mission and objectives can be realized. Lekhanya and Mason (2013) conducted study in the rural areas of KwaZulu-Natal. They found that SMME owners lacked marketing expertise and as a result, do not exploit available marketing strategies as effectively as they should. The study confirmed that this may be due to the fact that business owners in the rural areas are illiterate, which makes them unable to employ marketing tactics such as networking, newspapers and print media. This was supported by Van Scheers (2011) in South Africa, their study found that inadequate marketing skills of small business owners create marketing problems in the SME sector.

1.3. Government support. Lack of support from government development agencies in Nigeria were cited in Okpara's (2011) study as a major burden to small business growth. Research participants mentioned that the country's inhibitive policy framework discourages entrepreneurs from seeking funds to start new or expand their existing businesses. Furthermore, the study findings revealed that the process of obtaining support from the government is not only difficult and discouraging but is also based on bribery and political connections. A similar study was conducted by Zhu, Wittman and Peng (2011) in China. Although the Chinese Government has implemented a series of support systems for SMEs to undertake research and development and engage in innovation, the study revealed that the SMEs complained that it is not easy for them to benefit from these programs. This is due to the shortage of effective intermediaries and transparent services information connecting these support systems with needy SMEs. However, in their research, Fatoki and Garwe (2010) found that the growth of new SMEs is limited despite the concerted support of the South African government. The results of the study revealed that most new SMEs perceive that they do not get enough support from the government.

1.4. Legislation and regulations. Small firms are challenged by high labor costs because the burden is often not shared by multiple shareholders, but rather by a sole proprietor or a few shareholders in a closely held firm (Heriot, Lang & Thomson, 2010). Wage rates and the taxes on those wages affect the total labor costs incurred by all small businesses. This was confirmed by Gill and Biger (2012) as it revealed that high taxes, registration fees, and licensing fees have a negative impact on the small business growth in Canada. According to the World Bank report (2013), smarter business regulation promotes economic growth as economies with better business regulations grow faster. The same study revealed that in Colombia the introduction of one stop shops for business registration in different cities across the country was followed by a 5.2% increase in new firm registrations. While in Mexico a study analyzing the effects of a program simplifying municipal licensing found that it led to a

5% increase in the number of registered businesses and a 2.2% increase in employment.

1.5. Competing with big businesses. According to Smit and Watkins (2012) small businesses operate in the same environment as their larger counterparts, but without the associated benefits such as adequate capital and extended human resources of the larger organizations. They further mentioned that small businesses encounter increasing competitive pressure fuelled by globalization, legislation and the relaxing of trade barriers, as well as an increase in market expansion due to emerging technologies and innovation. Large businesses such as Pick'n Pay, Shoprite Checkers and SPAR have invaded the township market, therefore small businesses in townships are concerned as they will have to compete with these national retail chains with large turnovers (Tustin & Strydom, 2006). These retail chains have already asserted their dominance in the formal grocery and liquor market.

1.6. Criminal activities. Small business owners have cited criminal activities as causes of some failed small businesses Fatoki and Garwe's (2010). According to the South African Police Service Crime Statistics, business related crime is very common in the townships as there are insufficient security measures particularly for small businesses (SA, 2012). Survey sponsored by Standard Bank and Fujistu Siemens Computers (2009) found that SMEs do not focus on growing their market share in order to beat their competitors, instead they focus on mundane issues to avert crime, thereby increasing business overheads. A number of international studies have identified changes to business hours of operation as an indirect cost associated with precautions to prevent crime. The 2003 World Bank study in Jamaica found that 37% of firms had opted to close before dark. Of these, many indicated that they would operate longer hours if their place of operation was perceived to be safer (World Bank, 2003, cited in the Presidency, 2008).

1.7. Location. Eckert and West (2008) believed that location is associated with the survival of the businesses in Alberta, Canada. Their study confirmed that liquor store survival depends on location, and particularly on whether the liquor store is located in a planned neighborhood or community level centre and on the population of the store's catchment area. It was further observed that a survival rate of liquor stores located near supermarkets was in support of the hypothesis that survival is related to location. The importance of location has also been agreed on by Fatoki and Garwe (2010) as their study concluded that the location of the business should be chosen carefully by small businesses in order to minimize logistical costs, meet demand and stay ahead of competition.

1.8. Entrepreneurial capabilities. According to Neneh and van Zyl (2012), lack of entrepreneurial competencies, amongst other factors, has been identified as the reason for the low survival rates of SMEs in South Africa. On the other hand, the study conducted by Ligthelm (2012) found that the human factor constitutes the overwhelming force that determines whether or not a business will survive and prosper. The study concludes that small business success is based on clear, positively motivated business intentions and actions on the part of the owner/manager to achieve the desired outcome. Therefore the picture emerging from the analysis of the study highlights entrepreneurial behavior as the key predictor of small business sustainability.

1.9. Competition. In his presentation to the Annual Conference Australian Liquor Stores Association, Commissioner Martin (2004) mentioned that a major challenge faced by small business liquor stores in Australia is the anti-competitive conduct by larger liquor businesses through the introduction of lower prices on a wide range of products as well as collusion by entering into restrictive agreements to prevent the supply of other items by the small traders.

The literature has identified various barriers that affect small businesses. However most of the studies have either focused on the causes of failure or survival rate of small businesses. There is literature gap in terms of identifying factors that affects growth of these small businesses, once they have survived. Hence this study modelled to establish factors that affect growth of small business in a sample of small businesses those have survived during some years and were looking forward to growing their businesses.

2. Objectives and research design

Based on the above literature gap, the objective of this study was to study the relationship between factors that affect business and growth.

2.1. Population and sampling. The targeted population in this study comprised of taverns and shebeens in Soshanguve Township which fall within the category of SMMEs and must have been operating for at least three years. The three year period is considered an adequate period for survival rate in such category due to higher cost of start up. The database of the targeted population was obtained from the Gauteng Liquor Board through the South African Police Services (SAPS). The database only included businesses that were licensed to sell liquor. From the population which comprised of 196 businesses, a random sample of 120 businesses was drawn.

2.2. Data collection. In order to achieve the research objectives, survey approach was used to collect the data by means of structured close-ended questionnaires. The questionnaires were self-administered. Taverns and Shebeen owners were visited at their businesses and the study was explained to them. Their participation was requested and their important contribution to the study was explained to them. Of the 120 questionnaires that were distributed, 84 were returned; a response rate of 70% was obtained.

2.3. Questionnaire design. The literature was used as the basis of information to formulate the questionnaire for this study**.** The questionnaire was distributed with a covering letter and comprised of two major sections. The first section had eight questions which comprised of the profile of the business. The second section aimed to validate whether the identified factors would have the impact on the growth of the shebeens and taverns in Soshanguve. The respondents were asked 27 questions and a Likert scale was used where 1 = Strongly Disagree and 4 = Strongly Agree. Table below shows the variables and questionnaire used for each variable. The items in the italics show that thay were not validated in this study.

Table 1. Showing variables and indicators used in this study in the second part of the questionnaire

Variable	Questionnaire
Capital	C1 It is easy to get a loan from lending institutions.
	C2 I had enough money to start my business.
	C3 I have sufficient cash flow to run and sustain my business.
Managerial skills	MS1 I have obtained formal training on running a business.
	MS2 I possess appropriate general management experience.
	MS3 I am aware of the risks that may have a negative impact on my business.
	MS4 I have a strategy in place to manage business risks.
	MS5 I keep a full record of my business transactions.
	MS6 Marketing is important to the success of my business
	MS7 I possess appropriate marketing skills.
	MS8 I have employed various marketing strategies in my business.
	MS9 My employees have attended business management related training.
Government support	GS1 I am aware of the small business support services offered by government.
	GS2 It is easy to get support from government.
Big business	*BB1 Anchor liquor store(s) operating in my area have an impact on my operations.*
Legislation & regulations	LR1 It is easy to establish a liquor business.
	LR2 Taxes have a negative impact on profit in my business.
	LR3 Legislation and regulations governing the sale of liquor have a negative impact on my business.
Criminal activities	CA1 My business has suffered from criminal activities.
	CA2 Criminal activities have a negative impact on business.
	CA3 I incur overheads on security services in an attempt to protect the business against criminals.
Location	L1 Location has a positive impact on my business.
Entrepreneurial capabilities	EC1 I take risks in order to expand my business.
	EC2 I have plans to expand my business.
Growth	G1 Sales have gone up over the past three years.
	G2 My assets have increased in the past three years.
	G3 The numbers of employees have increased in the past three years.

A dependent variable, growth, was used to measure the relationship. Respondents were to indicate the increase or decline in their sales, staff members as well as increase or decrease on their assets' value over the past three years.

3. Data analysis

3.1. Demographic profile of respondents. The results reveal that the majority of businesses have been in operation for more than 5 years; and that they are operating as sole propriety businesses and as such, most of the owners are running their own businesses. Furthermore, businesses hired less than 5 full-time employees and less than 5 part-time employees (excluding family members) and most of the businesses have family members working in their businesses. The majority of respondents had matric but none of them held a post-graduate qualification.

3.2. Relationship between business factors and growth. Second section of the questionnaire was used to measure relationship between various factors that affect business and growth. Data were analyzed using the following techniques:

a) Frequency analysis to study the importance of factors.
b) Structural Equation Modelling (SEM) using PLS (Partial Least Square) was used to carry out

factor analysis, the relationship between factors that affects the growth.

c) Chi square test: to determine the association between the demographic profile of respondents and factors that affect the growth.

3.3. Frequency analysis per factor. *3.3.1. Capital.* The results indicate that, although there was a problem in getting loans from the lending institutions, business owners were using their money to run their business and had sufficient cash to sustain it.

3.3.2. Managerial skills and experience. The frequency responses suggested that although the majority of the respondents either did not have formal training or their employees had no business management training, the majority had a risk management strategy in place. Furthermore, more than 50% of the respondents indicated that they did not possess marketing skills but the majority knew the importance of marketing.

3.3.3. Government support. It was evident from responses that the majority of respondents did not obtain or benefited from government support services, either due to lack of awareness or due to inaccessibility of these services.

3.3.4. Competition with big business. The respondents were divided equally on whether or not location has a positive impact on their businesses in relation to competing with big businesses. On this aspect, no clear conclusion could be drawn.

3.3.5. Legislation and regulations. The respondents believe that taxes do not impact their businesses but it was the legislation and regulations governing the sale of alcohol that had a negative impact on their businesses.

3.3.6. Criminal activities. Even though conclusion cannot be drawn from the results, as to whether or not businesses suffered from criminal activities, it can be inferred that business owners were spending money in an attempt to combat criminal activities.

3.3.7. Entrepreneurial capabilities. The frequency analysis indicates that respondents find it difficult to get a loan from the lending institutions and resort in using their own money to run the businesses. Business owners perceived to have the skills to manage the risks but majority of them have not undergone business management training. Lack of and inaccessibility of government support have also confirmed as hindering factors to sustain the taverns and shebeens. The results on whether the presence of big businesses in the township is a challenge were not clear.

3.3.8. The model to study relationship. Figure 1 shows the model used that was analyzed using PLS software.

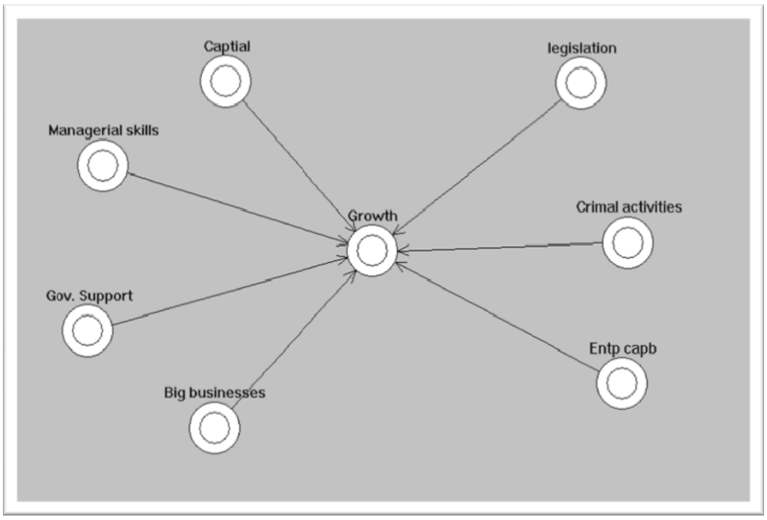

Fig. 1. Relationship between dependent and independent variables

The model hypothesized positive relationship between independent variables (capital, managerial skills, Government support, big business competition, entrepreneurial capabilities, legislation) and dependent variable growth, while negative relationship between criminal activities and growth. Factor analysis was done using PLS to determine the factor loading and multicollinearity of the indicators. The results of the factor analysis are reported in Table 2.

Table 2. Factor loading and cross loading of measures for the constructs

	Managerial skills	Gov. support	Big business	Legislation	Criminal activities	Capital	Entp cap	Growth
MS1	**0.7233**	0.2372	0.1882	0.4346	0.1966	0.6173	0.4744	0.5187
MS4	**0.7311**	0.3933	-0.0450	0.2469	0.2061	0.3197	0.3907	0.4001

Table 2 (cont.). Factor loading and cross loading of measures for the constructs

	Managerial skills	Gov. support	Big business	Legislation	Criminal activities	Capital	Entp cap	Growth
MS5	**0.8060**	0.3425	0.1906	0.2820	0.3912	0.5224	0.6025	0.4930
MS6	**0.8390**	0.3566	0.1086	0.3066	0.2479	0.4352	0.4504	0.5375
MS7	**0.8390**	0.3566	0.1086	0.3066	0.2479	0.4352	0.4504	0.5375
MS8	**0.8667**	0.3362	0.2051	0.3992	0.3015	0.4992	0.5773	0.5931
GS1	0.3857	**0.6397**	0.0983	0.1249	0.1646	0.2978	0.2113	0.1827
GS2	0.3531	**0.9461**	0.1673	0.5764	0.2385	0.3562	0.1855	0.4340
L1	0.1831	0.1718	**1.0000**	0.1077	0.3827	0.2179	0.3208	0.1105
LR1	0.3482	0.4651	-0.0015	**0.8219**	0.0199	0.5005	0.1776	0.4223
LR2	0.3303	0.3373	0.1858	**0.7426**	0.4330	0.2251	0.4401	0.3593
CA1	0.1286	0.2226	0.2625	0.1793	**0.8073**	0.0397	0.4229	0.1714
CA2	0.3014	0.1629	0.2356	0.2174	**0.8086**	0.1352	0.4183	0.2107
CA3	0.4293	0.2412	0.4035	0.2539	**0.8926**	0.3598	0.5586	0.3812
C1	0.5824	0.4844	0.2611	0.4882	0.3389	**0.8294**	0.4434	0.5120
C2	0.4630	0.3128	0.1657	0.4259	0.2106	**0.8992**	0.3300	0.4377
C3	0.4777	0.1762	0.1124	0.2851	0.0970	**0.8755**	0.2684	0.3556
EC1	*0.6979*	0.3127	0.2087	0.4373	0.5022	0.4491	**0.9476**	*0.7011*
EC2	0.5234	0.0834	0.4133	0.2513	0.5819	0.3071	**0.9168**	0.5607
G1	0.6046	0.3435	0.1049	0.4285	0.3054	0.4827	*0.6917*	**0.9534**
G2	0.5834	0.4554	0.1260	0.5610	0.3254	0.4459	0.4863	**0.8227**
G3	0.5758	0.3558	0.0731	0.3883	0.2907	0.4671	0.6656	**0.9350**

Examination of factor loadings in Table 2 suggests that there was no major multicollinearity between the indicators, as the loading of the indicator with respect to its construct is greater than the other constructs. However, entrepreneurial capabilities (EC1) showed some collinerairty with the managerial skills, is understandable due to similar nature of question. The multicollinearity between growth (G1) and EC1 seems incidental.

To determine internal consistency and discriminant validity, the constructs were joined in the model, and the model was run as a molecular model. The results are shown in Table 3, which shows the correlation matrix for the construct where the diagonal of this matrix is the square root of average variance extracted (AVE). The results shown in Table 3 suggest good internal consistency, and convergent and discriminant validity for all the constructs with AVE greater than 0.50. Internal consistency, for a given block of indicators – developed by Fornell & Larcker (1981) as a measure of reliability – is computed as the sum of the loadings, all squared, divided by the sum of the loadings, all squared, plus the sum of the error terms. This ratio should be equal to at least 0.70. This measure is similar to Cronbach's alpha as a measure of internal consistency. Table 3 shows good internal consistency for all the constructs.

Table 3. Internal consistency and discriminant validity construct (AVE and squared correlation $n = 86$).

	MS	GS	LR	CA	Cap	Entp	Growth	AVE	Fornell	SQRTAVE
MS	**0.8009**							0.6347	0.9121	0.7967
GS	0.4240	**0.7929**						0.6522	0.7833	0.8076
LR	0.4330	0.5170	**0.7822**					0.6134	0.7599	0.7832
CA	0.3840	0.2530	0.2670	**0.8362**				0.7008	0.8752	0.8371
Cap	0.5940	0.3960	0.4760	0.2660	**0.8680**			0.7543	0.9020	0.8685
Entp	0.6640	0.2260	0.3800	0.5760	0.4130	**0.9322**		0.8692	0.9300	0.9323
Growth	0.6480	0.4200	0.5010	0.3380	0.5140	0.6840	**1.0000**	0.8200	0.9316	0.9056

Bootstrap re-sampling was performed to examine the statistical significance of path loading, weights and T-values. The results in Table 4 show the results of the analysis.

Table 4. The path loading and T-values

Path	Loading	T-values
Capital → Growth	0.131	1.468*
Managerial skill → Growth	0.145	1.1798**
Government support → Growth	0.166	1.6589*
Legislation → Growth	0.122	1.3412*

Table 4 (cont.). The path loading and T-values

Path	Loading	T-values
Big business → Growth	-0.125	NA
Criminal activities → Growth	-0.092	1.1952**
Entrepreneurial capabilities → Growth	0.543	4.3138***

Note: * statistically significant at 90%; ** statistically significant at 85%; *** statistically significant at 95%.

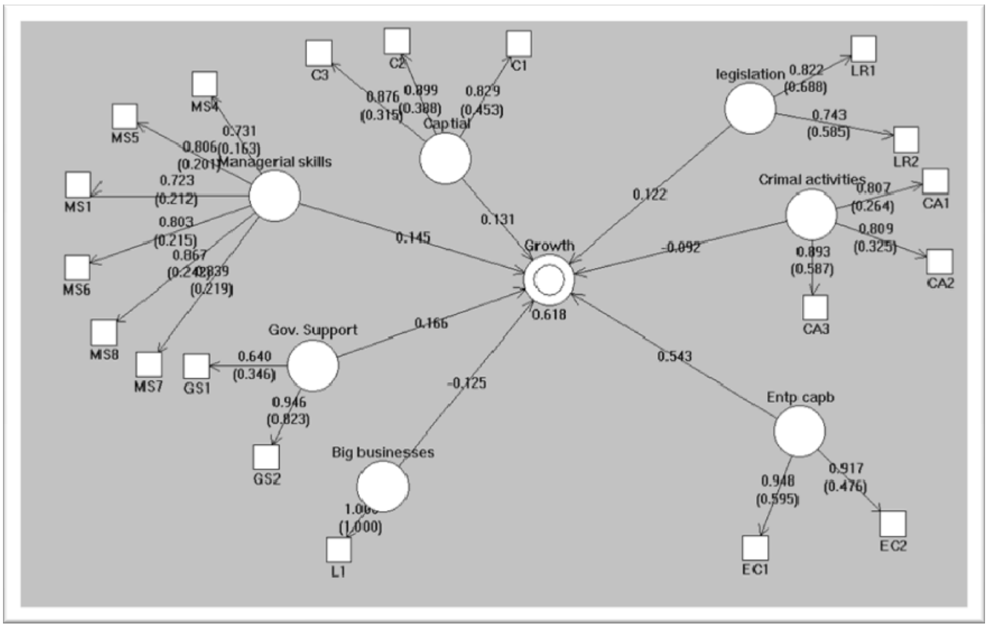

Fig. 2. Model showing the paths and loadings

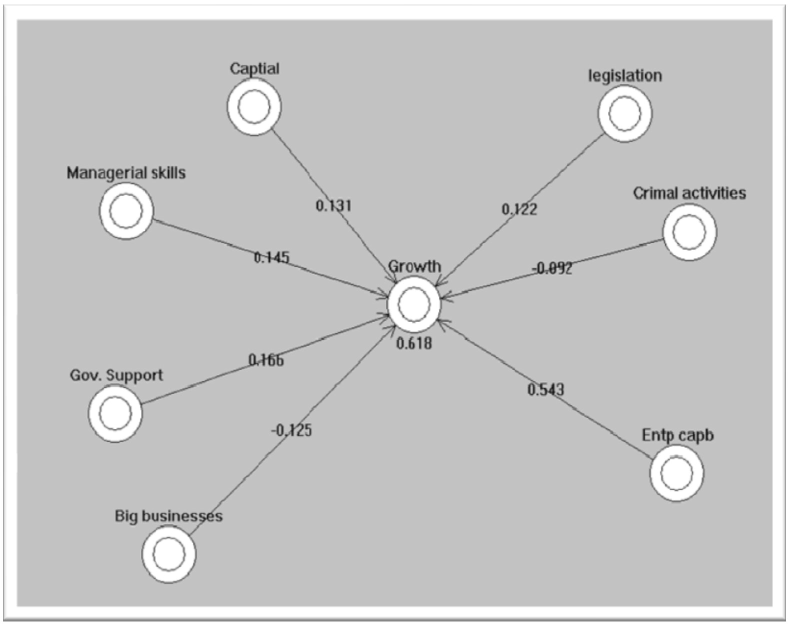

Fig. 3. Model showing the paths weights

3.4. Discussion on path analysis. The path coefficient of 0.131 (significant at 90% confidence level) suggests a weak but positive correlation between capital and growth. Although it was established that access to finance from institutions was difficult, business owners used their own funds for running their businesses. The results show a weak but positive correlation of 0.145 (significant at 85% confidence level) between managerial skills and experience and growth. On the other hand, the path coefficient of 0.166 (significant at 90% confident level) suggests a weak but positive correlation between government support and growth. Legislation and regulations have a positive and weak relationship with growth, this is based on the path coefficient of 0.122 (significant at 90% confident level).

The results further show a negative correlation of -0.125 (significant at 90% confident level) between big businesses and growth. While criminal activities have a negative relationship with growth, the path coefficient is -0.092 (significant at 85% confident level). The results have revealed that there is a strong and positive correlation of 0.543 (significant at 95% confident level) between entrepreneurial capabilities and growth.

It can be concluded that all the factors studied in this paper had a statistically significant appropriate relationship with the growth of businesses while most factors had a weak relationship. Entrepreneurship and growth had a very strong relationship. The model explained 61.8% variance in the dependent variable.

3.5. Chi square test analysis. The Chi square test was performed to determine whether there was an association between the variables and the demographic data (number of years in operation, business type, level of education, type of liquor outlet, number of full-time employees, number of part-time employees, family members working in a business and a person running the business). The results are presented in Table 5.

Table 5. Results of Chi square and crosstabs between demographic data and the variables

Demographic/Variable	Years of operation	Business type	Education level	Type of liquor outlet	Full-time employees	Part-time employees	Family members working in a business	A person incharge of running the business
Capital	0.486	0.286	0.050*	0.605	0.116	0.222	0.439	0.000*
Managerial skills and experience	0.000*	0.023*	0.004*	0.378	0.034*	0.055	0.723	0.000*
Government support	0.681	0.011*	0.009*	0.682	0.031*	0.117	0.555	0.000*
Competition with big businesses	0.758	0.046*	0.004*	0.661	0.262	0.015*	0.395	0.000*
Legislation and regulations	0.526	0.263	0.211	0.307	0.539	0.418	0.694	0.000*
Criminal activities	0.679	0.016*	0.048*	0.482	0.073	0.019*	0.323	0.000*
Entrepreneurial capabilities	0.466	0.079*	0.000*	0.100	0.113	0.017*	0.401	0.000*
Growth	0.191	0.012*	0.002*	0.215	0.002*	0.116	0.609	0.000*

Note: * p-value is less than 0.05 and symbolizes an association between the demographic information and the variables.

The results indicate that years of operation had no association with other variables except for managerial skills and experience. The results also revealed that business type was associated with all the variables except capital and legislation and regulations. There was no association relationship between the education level and the variable, legislation and regulations; however there was an association between the education level and all other variables. The results show that there was no association between the type of liquor outlet and all the variables. The responses indicate that there was an association between the number of full-time employees in a business and the variable, managerial skills and experience. There was also a significant relationship between a number of full-time employees employed in a business and the two variables; government support and the growth of the business. While on the other hand, results show the association between the number of part-time employees in a business and the following variables; competing with big businesses, criminal activities and entrepreneurial capabilities. There was no association between family members working in the business and all the variables. The results finally revealed that there was an association between a person in charge of running a business and all the variables.

Discussion

The results revealed that the majority of the businesses have been in operation for more than 10 years. This shows that, although they face some barriers that hinder their growth, they generally survive. This is contrary to the study by Zhu, Wittman and Peng (2011) who found that only 13% of small businesses survive more than 10 years in China.

The majority of the businesses that participated in the study have a sole proprietor. The results have proven the association between business type and managerial skills and experience. This is supported by the literature as it was indicated that informal businesses do not have adequate internal financial control due to lack of managerial skills (Young, Schaffers and Bruwer, 2012).

The majority of the respondents had matric and that participants were generally literate, they have the ability to read and write, use electronic services such as email and internet and to a certain extent understand the dynamics of the business space that they are operating in. The findings are in contrast to the results of the study conducted in the rural areas of KwaZulu-Natal as it concluded that business owners lack marketing expertise due to illiteracy. It further mentioned that illiteracy is a hindrance as the business owners are unable to employ marketing tactics such as networking; and using newspapers and the print media (Lekhanya & Mason, 2013).

The majority (85% and 81%) of the respondents had less than 5 full-time and 5 part-time employees respectively. This is an indication that although the majority of the businesses survived for a long period (more than 10 years), they are stagnant; and they are not able to employ more people as they are not growing.

Access to finance (Capital) showed a very weak but positive relationship with growth. Respondents indicated that they had problems in getting funding from institutions, but they managed to survive using funding from other sources. This finding is contrary to the findings in the literature which indicates that access to finance is one of the major causes of failure and growth.

Managerial skills (training, risk taking, marketing) was weakly correlated with the growth, however respondents indicated that business owners did not have marketing skills, but they view marketing as important of to the success of their business. This finding is supported by Van Scheers (2011) and Lekhanya and Mason (2013). Further respondents did not have formal training and/or their employees had no business management training. These findings are in line with the study done by Okpara (2011), supported by Bezuidenhout and Nenungwi (2012). Their study indicated that there is evidence that a lack of management capacity and skills among small business owners/managers is one of the major reasons for the high failure rate of businesses in the small business sector. Again lack of management capability does not seem to be key issue for survival or cause of failure, as the respondents in this study who had lack of management capacity and skills, survived for 10 years. While this study results revealed that the majority of the respondents were aware of the business risks and they had a risk management strategy in place. Study conducted by Smit and Watkins (2012) showed that the failure rate of SMEs is partially attributed to the owner-managers' ignorance regarding the management of internal and external risks that their businesses face. This finding suggests that businesses those were aware of business risks and manage it, were able to survive and grow, hence awareness of business risk and its management is one of the key issues in survival and growth of small businesses.

Government support showed weak but positive relationship with the growth. This suggests that respondents were either not fully aware of Government support and those aware were finding it difficult to get it. This finding suggests that Government support, although may be critical, but not an essential factor in the growth of small businesses.

A weak but positive relationship between taxes legislation and growth was established in this study. Further majority of respondents mentioned that taxes do not have a negative impact on their businesses. This is contrary to the literature as the study conducted by Gill and Biger (2012) revealed that high taxes, registration fees, and licensing fees have a negative impact on the small business growth in Canada. Respondents further mentioned that the legislation and regulations governing the sale of alcohol have a negative impact on their businesses. This has also been confirmed by the research conducted by Petersen and Charman (2010) as they indicated that the requirements of the liquor legislation in the Western Cape have greatly harmed the liquor trading of small businesses, with a direct impact of potentially 30,000 direct job losses and subsequent knock-on effect for the livelihoods of the many businesses linked into the local value chains.

The study cannot conclude whether or not location has a positive impact on small businesses' sustainability and growth in relation to competing with big businesses. Conversely, the literature mentioned that small businesses in townships are concerned that they will have to compete with the large businesses such as Pick'n Pay, Shoprite Checkers and SPAR as these national retail chains with large turnovers have invaded the township market (Tustin & Strydom, 2006).

From the results of the study, it was concluded that criminal activities have a negative impact on the businesses as the business owners have indicated that they are spending much money trying to protect their businesses against criminal activities. These findings are also in agreement with Fatoki and Garwe's (2010) as their study cited criminal activities as a contributing factor to some failed small businesses.

Although respondents were divided in their responses on the entrepreneurial capabilities (EC), this factor showed very strong and positive relationship with growth. The EC was measured using risk taking capabilities and plans to expand business. The strong relationship suggests that owners were willing to take risk and had plans to expand their businesses that supported their growth. Literature suggests that lack of risk taking capabilities was one of the key reasons of failure of businesses. This finding supports the literature and key finding of this study.

Conclusion

Literature has been inundated with studies that indicate that lack of capital being the major cause of failures of small business, while government support, managerial skills and experience, legislation and regulations and criminal activities were equally important. This study concludes from the responses of taverns and shebeens operators that awareness of business risk, its management, willingness to take risk and expand are the key factors to growth. While other factors listed by literature do play a role in the growth but are not paramount to success. These factors were statistically significant at lower levels compared to the risk taking factors in the study. The findings of this study can assist government in policy formation. The limitation of the study is that it cannot be generalized due to the limited sample size.

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