

# “Business owners’ perspectives in pursuance of their businesses: what matters most?”

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## Business owners' perspectives in pursuance of their businesses: what matters most?

### Abstract

The stimulation of venture creation has been prioritized by the South African government, with the aspiration that they will make a difference in society. The creation of new ventures is in line with the priorities of the government in addressing unemployment and economic growth. This research was aimed at exploring factors that contribute to the success of businesses, specifically those operating in Kwa-Thema. A qualitative approach was employed in the research and data were collected using semi-structured interviews from purposively selected business owners. A total of 26 business owners were interviewed. Findings show that factors such as occupational or industry insight, business skills and knowledge, customer relations, hard work, reputation and good administration are imperatives for the success of businesses. There is a clear indication that the identified factors need to be taken care of by the business owners in order to make strides in their businesses.

**Keywords:** black entrepreneurship, discrimination, small business, South Africa.

**JEL Classification:** M13.

### Introduction

Post-apartheid South Africa still struggles with the negative effects of its past. This factor is particularly evident in the country's ethnically asymmetrical small business environment and the apparent lack of entrepreneurial participation by black South Africans. The process to create an understanding of the small business environment in South Africa should take into consideration the dynamism that exists due to divisions of various communities in South Africa. The apartheid system created through the Group Areas Act (41 of 1950) was a separatist system that led to the establishment of townships which housed blacks only and suburbs in which only whites lived. This system therefore automatically dictated different rules and ways in which business could take place in that setting. Under the apartheid rule, a strong anti-entrepreneurial culture evolved, specifically in black communities, as a result of political policy at that time (Allie and Human, 1998). Notably, before 1990, South Africa was characterized by imbalances which involved exclusion of some of the population groups, namely blacks, coloreds and Indians, from political and economic participation particularly in the urban areas designated as white (Ladzani, 2010).

Literature shows that successful black entrepreneurship exists even though at a small scale, especially in the townships scorning the hostile political and business environment created by apartheid policies and post-apartheid structures. There are a number of tenacious individuals and families that have succeeded in their business endeavors and conduct various forms of businesses. Bank (1994) and Ladzani (2010) confirm that few black family businesses existed and survived prior to the new dispensation. Nonetheless, what is

inconclusive is a clear understanding of the factors that give rise to black entrepreneurship successes. Based on the above, it is important to understand what enabled these businesses to prosper despite the imbalances of the past.

Welter (2011) points out that economic behavior can be better understood within its historical, temporal, institutional, spatial and social contexts, as these contexts provide individuals with opportunities and set parameters for their actions. Coherence between the internal organizational operations and the external business environment enables entrepreneurs to develop a more effective understanding of the dynamics of their situations to ensure that their operations are successful. Entrepreneurial activity offers opportunities for learning, by surmounting obstacles, through high levels of responsibility and autonomy, and by maintaining relationships with customers, business partners and advisors. Learning in this sense includes learning from failure and role models, which may have positive effects on the performance of incumbent businesses. Ferreira and Azevedo (2008) maintain that entrepreneurial firms ordinarily engage in product market innovativeness, undertake somewhat risky ventures and in this respect come up with proactive innovations, creating a competitive edge over competitors.

Welter (2011) indicates that deficiencies in the institutional context can also create opportunities when entrepreneurs exploit gaps left by new regulations and rules. In South Africa, the National Small Business Act (102 of 1996) has been a pillar for the development of small businesses. In the context of the Act, a small business is defined "as a separate and distinct business entity, including co-operative enterprises and non-governmental organizations, managed by one owner or more which, including its

branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy and which can be classified as a micro-, a very small, a small or a medium enterprise” and this type of businesses form 97.5% of all business and contribute 35% of the gross domestic product in South Africa (Nieman and Nieuwenhuizen, 2009). A healthy SME sector contributes prominently to the economy through creating more employment opportunities, generating higher production volumes, introducing innovation and entrepreneurship skills. Most of these businesses are operating in diversified sector of the economy, for example, retailing, farming, food vendors, hair-dressing, Internet and phone services, brick making and construction. Notably, most of the businesses operating in townships are small, medium and micro enterprises as well as survivalist enterprises. In contextualizing these types of enterprises it is prudent to describe each type.

Small business is a type of business that has fewer than 100 employees. A further definition of small business by Sharrif and Peou (2008) is “an entity engaged in an economic activity irrespective of its legal form”. The essence of this definition is the same as the practice in South Africa, where businesses operate irrespective of their legal forms and/or even whether they are registered. Worldwide, small businesses are considered as important due to the fact that they are a vehicle for growth and poverty alleviation by creating jobs and employ people who are offered wages which will help them to improve their livelihood (Kornecki, 2006).

Medium enterprise refers to a business which is not large and employs less than 200 employees. It is usually dominated by professional employees and it focuses on the empowerment of the employees.

Micro enterprises – they are very small businesses which consist of only the owner, some family members and with one or two paid employees involved. This type of businesses lack formalities such business licences, formal business premises, accounting practices and even operating permits. This type enterprise will subsequently grow into a viable small business.

Survivalist is defined by White Paper (1995) as enterprises that engage in activities, carried out by people who cannot find a job or get into an economic sector of their choice. They ordinarily generate minimal income which does not enable them to prosper into the next level of business sector. In the quest of studying this type of business, little capital is invested and most of the initiators of this type of businesses have no skills training available in the particular business type they pursue.

The small business sector in South Africa has great potential to contribute to job creation and economic growth, whilst at the same vein redressing historical injustices and increasing black economic participation. The highest (86%) participation by black entrepreneurs is in the survivalist class and it is notable that the returns are very low in this type of enterprise (Luiz, s.a).

Businesses operating in Kwa-Thema Township serve as pillars for creation of employment as they create job opportunities. The creation of job in the economy will address the level of poverty and subsequently the livelihood of the society will improve. Amra, Hlatshwayo and McMillan (2013) explain that SMMEs are more labor intensive than large firms and as such the expansion of this sector would boost employment and reduce poverty.

Based on the above explanation, it becomes imperative to understand factors that enable businesses in Kwa-Thema to succeed in pursuing their business practices. This is important in the sense that nascent and existing entrepreneurs can learn from these business owners with long service in their operations. Since the government has prioritize SMMEs as a catalyst for job creation and poverty alleviation, it was imperative to understand how these businesses survived in the apartheid era without support from the discriminatory rules. Despite their significant importance and SME contribution to economic growth, they are still faced with numerous challenges that inhibit entrepreneurial growth. It is notable that SME funding and access to finance is regarded as major barrier for businesses to survive particularly those who are operating in the townships. Furthermore lack of industrial experiences and management skills impede the sustainable running of these types of businesses.

## **1. Theoretical perspective on small business success and barriers**

**1.1. Success factor for businesses.** Tlhomola, Rankhumise and Van Niekerk (2010) made the following findings regarding the success factors and barriers to small businesses: (1) education play a pivotal role in the success of the businesses and this means that if these entrepreneurs are provided with the necessary education and training, it is likely that they will succeed in their endeavors; (2) business experience is imperative to enable small business owners to take informed business decisions and actions; (3) business skills and entrepreneurship education also play an important role in the success of the business. All these factors give small business owners self-efficacy in pursuing business endeavors. Nieuwenhuizen (2011) explains that entrepreneurs

need to acknowledge components such as the following: (1) The rise of new communication technologies – in this regard communication technologies contribute to the enormous change in the business world. This component dictates that business owners should think and act differently with regard to the process that they follow in running the affairs of their business. By adapting to the new technologies, the business might have an edge over other businesses. (2) Knowledge management – this aspect is more about discovering and harnessing a business's intellectual resources. What this means in this context is that the business owner should strive to use the intellect within the business establishment. By doing so, the entrepreneur is likely to unlock and share experiences and expertise among the people within their establishment. (3) Alliance – this aspect entails communication between members of the business and business units, and this would ensure that there is communication and information sharing in all business activities.

**1.2. Barriers to business success.** The success of any business is dependent on environmental and contextual factors, with new micro and small businesses encountering many barriers to success and growth throughout the start-up process and their first year of operation. This could be for various reasons. Cant and Erdis (2005) indicate that problems could range from organizational based, which refers to factors such as availability of resources, for instance finances, and also managerial skills. For entrepreneurship to prosper, in the form of increased start-ups, survival and growth, certain barriers have to be removed and these barriers affect the business's ability to prosper (Lloyd, 2010).

A study conducted in Mozambique considered that the most important and frequent barriers are awareness, human resources, management, financing, institutional and infrastructure (Fumo and Jabbour, 2011). The management barrier refers to the ability of owner-managers to administer their own business with a vision of the effect this would have on their businesses. The human resource barrier is viewed as the personnel who are contracted by the small and medium enterprises (SMEs) and the quality of the same (Smith and Smith as quoted by Fumo and Jabbour, 2011), as well as the role of the owner-managers in contracting personnel and the inherent barriers in this process (Bartlett and Bukvic as quoted by Fumo and Jabbour, 2011). Awareness is defined by Baron and Shane (Fumo and Jabbour, 2011) as the competitive force – the most important force that an enterprise can have. The acquisition, promulgation and transference within micro and small enterprises are contributing factors that cause them to become a

barrier in themselves for small enterprises. The barrier of funding is defined as one of the perennial problems for small-sized enterprises and it is related to the difficulty of access to credit (Pissarides as quoted by Fumo and Jabbour, 2011) and credit guarantees (Krasniqi as quoted by Fumo and Jabbour, 2011), among others. The institutional barrier is defined as the policies and regulations that can affect the activities of a small enterprise (Baron and Shane as quoted by Fumo and Jabbour, 2011). Infrastructure is viewed as a barrier for SMEs, as the quality of this can affect their growth prospects, especially in developing countries, because many of these countries suffer from a deplorable lack of basic infrastructure, such as transport, telecommunications and electricity (Olawale and Garwe as quoted by Fumo and Jabbour, 2011).

In agreeing with the aforementioned facts, Clover and Darroch (2005) identify several constraints to agribusinesses operating in KwaZulu-Natal. The constraints faced by agribusinesses are not necessarily distinct from those faced by non-agriculture-related businesses. These are the factors perceived to constrain the survival of small businesses as identified through the use of the component analysis technique: (1) *Lack of services*: Access to electricity, inadequate business premises, lack of own transport, access to water, roads, postal services and telecommunications, and crime. These relate to infrastructure services not being accessible. Berry et al. (in Clover and Darroch, 2005:250) say that a lack of transport implies extra expenditure to travel to markets, and crime may be a consequence of poverty prevalent in rural areas. (2) *Funding constraints*: Distance to suppliers, insufficient technology and labor quality. Escalante (in Clover and Darroch, 2005) states that poor quality of labour is a common obstacle encountered by newly established small businesses, as they can seldom afford the wage rate necessary to attract more skilled labour. Financial constraints at start-up can also result in a lack of access to technology and an inability to procure ideally situated business premises. (3) *Lack of management capacity*: Threat of new entrants and substitute products, and complex labor legislation. Complex labor legislation and too many rules and regulations imply that some small businesses are unable to understand what is required of them legally. Small business owners that find competition a threat to profitability have the management ability to overcome the barriers to business growth and survival and are able to understand and implement labour legislation and other rules and regulations, and progress to a stage where competitive forces become their business profitability (Clover & Darroch, 2005). (4) *Access*

*to contracts*: Access to tender contracts and scarce information on tenders. There is a perception that government and the private sector are biased towards larger businesses in awarding tender contracts. (5) *Compliance costs*: Financial or administrative costs associated with complying with legislation, paying a skills levy, managing and making UIF contributions, and paying and complying with value-added tax (VAT). (6) *No marketing*: The success of small business owners is hampered due to poor or no marketing of their products which makes it difficult for the products to be known or even to remind clients that such a product still exists. (7) *Lack of collateral*: Access to start-up capital, lack of transferable title deeds. Uncertain property rights reduce access to loans when a lack of alternative collateral requires property as security for a loan (Bannock as quoted by Clover and Darroch, 2005).

## 2. Research aim and objectives

The primary aim of the study was to explore factors that contribute to the success of small business owners operating in Kwa-Thema Township. The researchers considered the barriers and enablers to these businesses as well as the causes for success and failure in the business environment, and tried to capture the kinds of changes and improvements that have been brought about by the advent of democracy to the township small business environment.

The objectives of the study were as follows:

- ◆ To explore the views of small business owners on what they consider being valuable lessons in running their businesses.
- ◆ To determine the factors contributing to success and the challenges experienced by entrepreneurs.

## 3. Research design and methodology

**3.1. Research design.** The research design that was adopted for this study was essentially *exploratory* in nature. The exploratory approach in this case was expected to provide the opportunity to unravel the nature of the entrepreneurs' experiences and perspectives, of which little is known. The rationale for using exploratory research was to obtain a richer understanding of the experiences relating to the success factors and challenges experienced in the pursuance of their businesses.

Essentially, and in keeping with the approach stated above, during the interview participants were given the opportunity to describe their experiences and challenges in terms of factors they perceived to be success or inhibiting factors of the operation of their businesses.

**3.2. Methodology.** The researcher adopted a qualitative approach which was descriptive and exploratory in nature. The reason for adopting qualitative methodology was the need to understand the experiences of business owners and how they dealt with their daily business operations to ensure success (Flyvbjerg, 2011). Leedy and Ormrod (2010) explain that the qualitative research method is appropriate when the researcher is trying to understand a new phenomenon in a particular situation rather than trying to establish a relationship between two or more variables.

**3.3. Population and sampling.** The study was conducted at Kwa-Thema Township in Gauteng, South Africa. The rationale for selecting this township was that most of the businesses there were operating prior to the democratic dispensation. 26 small, medium and micro enterprise (SMME) owners were purposively selected to take part in the study on the basis that this is what they considered comprised *a typical unit*. The latter sampling approach was deemed to be appropriate because it is normally applied in cases where participants are selected based on their knowledge of the phenomenon under study, in this case the success and failure factors perceived by business owners in the pursuance of their businesses (Bless and Higson-Smith, 2004).

**3.4. Data collection procedure.** The actual study involved researchers personally visiting and interviewing each participant in Kwa-Thema Township. Based on the prototype questions, other questions emerged as the interviews progressed. The researchers then asked follow-up questions to explore particular aspects in greater depth. Interviews were conducted until such time as saturation point was reached. Data saturation was reached with the 26<sup>th</sup> interviewee.

**3.5. Trustworthiness.** To ensure that trustworthiness was achieved, the framework of Lincoln and Guba (1985), as posited by Babbie and Mouton (2009) and Schurink, Fouche and De Vos (2011) were followed. This included credibility, transferability, dependability and confirmability. Credibility was achieved by prolonged engagement, triangulation, purposive sampling, peer debriefing and the authority of the researcher. Transferability was enhanced by the purposive selection of the participants, in order to identify persons who would be able to provide a rich account of the phenomena under study (Babbie and Mouton, 2009). Dependability was addressed by maintaining an audit trail (Babbie and Mouton, 2009) of raw data that was coded and archived to allow checking of the findings against the raw data (Schurink et al.,

2011). Finally, Confirmability was enhanced by affording participants the opportunity to verify the accuracy of transcripts. Triangulation during the data analysis was done by the researcher and an independent person analyzing the data. The categories and sub-categories identified in the data analysis were then discussed and agreed upon.

**3.6. Data analysis.** The audiotaped interviews were transcribed verbatim by the primary researcher. The researcher and co-coder analyzed the data independently using Tesch's data reduction method (Creswell, 2009) of open-coding. Audiotapes were listened to once and then a second time. The field notes were then read to understand the data properly and to get a sense of the whole. Topics were abbreviated as codes and these were then written next to the appropriate clusters of the text. Related topics were grouped to reduce sub-themes to a manageable yet viable number. A final decision regarding the wording for themes was then undertaken to turn these into categories (Creswell, 2009). After the data analysis was completed, the researchers and co-coders met to discuss the analysis and agreed on the specific significant emerging themes.

#### 4. Research findings

The discussion in this article is presented in accordance with the themes that emerged from the analysis. The participants in the research identified interesting factors that have led to the success of the businesses. In the next section the themes identified during analysis are discussed, namely occupational insight, skills and knowledge update, customer relations, hard work, reputation, good administration, acquisition of finance, crime, and high rates and taxes. The themes were identified on the basis of responses from participants, which will be presented verbatim.

**4.1. Occupational insight and experience.** From the interviews it emerged that when you are in business you should be an expert in your own right. The participants, especially those in skills-based businesses, claimed that they met many people while doing business and claimed to know better than them. That is why it is important for a small business owner to really know the job and be an expert in the field of operation. It is important that an expert business owner allow critics to raise their point of view, but not be discouraged by those views. However, if the business owners doubted their skills, they would end up listening to every distraction and not delivering according to the customers' expectations. Here are some of the participants' comments:

*"... As a videographer you meet a lot of people who want to give you orders on how to do your job; I always tell them that I am an expert that's why I got the job and not them..."* *"...You and the people that work with you should know the services and the products that you are dealing with. You should know what you are doing. Learn to work with different personalities..."*

It is of concern that some of the respondents have no prior work or occupational or entrepreneurial experience. Being inexperienced in business is a disadvantage as business may not have knowledge of how the industry works; this may make it harder to identify and exploit opportunities within the area of operation. The finding confirms what Okpara and Wynn (2007) identified that lack of business insight and experience as one of the factors that is responsible for small business failure. This finding further concurs with Papulová and Mokroš (2007) who point out that small businesses do not have enough experience, knowledge or vision on how to run an enterprise.

**4.2. Skills and knowledge update.** From the interviews it also emerged strongly that small business owners need to update their skills and knowledge. They need to make sure that they attend sector-based training and conferences to update their knowledge on the new standards used to comply with sector regulations. The small business owners surveyed felt strongly that technology is rapidly changing and as such they needed to keep up with that change in order to do their work easily. For a small business to have an advantage it is necessary to ensure that its technology is up to date; this would require its employees to be trained to use the new technology. The changes in the status of clients and industry regulations may require professional small business owners to upgrade their skills and knowledge to remain in business. Here are some of the comments made:

*"...These days one needs to be computer literate especially in the latest accounting packages (Quick Books, Pastel and Acc Pack). You should know the latest tax table, that's why I am registered with a professional association; they give us the latest trends and all new information as well..."*

These findings confirm what Sharraf and Peou (2008) found in their study, namely that competence and skills levels are important factors influencing the growth performance of the business.

**4.3. Customer relations.** Participants agreed that having good relations with customers is an important factor for business success. To maintain good relations with their customers, they ensured

that they promised less and delivered more. This helped to build trust and reliability, which increased customer satisfaction. There was a notion among the legal practitioners that customer relations are strengthened when customers always find the practitioner in the consultancy rooms instead of being given excuses. The participants agreed that good service and a warm welcome by the owner and staff improve good relations with customers. Here are some of the comments they made:

*"...You should be there for your people, clients should find you. Be there when the customers expect you to be there..."*

*"... In this business you need to show UBUNTU. Your service needs to be good and the graveyard presentation needs to look very good..."*

This sentiment aligns perfectly with what Govender (2013) found, namely that customers tend to stay within the sites they believe work for them and thus tend to avoid visiting new sites or businesses. In this respect the business owners should strive for excellent customer experiences and this ensures continued support from the customers.

From the above it can be inferred that good customer relations means being available for your clients, treating them well by offering them good service despite their backgrounds, and ensuring that all clients leave the business premises having experienced excellence service.

**4.4. Hard work.** The participants emphasised that it is imperative for a business owner to be a hard worker and be hands-on with the affairs of the business. The owner who is not hands-on might not understand critical aspects of the business and will always rely on secondary information, which is interpreting the situation rather than knowing the exact business situation. All the participants were of the view that success does not come immediately; it requires commitment, hard work and extra effort in order to make it in business. They had the following to say:

*"...You should be hands on in this business. Know your business like knowing yourself. Know how to do the job yourself. You should do self-audit. Be on site not just receiving reports..."* *"...You should be hands on and deepen your involvement in business. However, be realistic. An individual has to respond to various situations. Accept your limitations..."*

**4.5. Reputation.** Another finding implies that integrity and a good business reputation are important factors to ensure business success. A lack of integrity and professionalism will in the long run impact small businesses; customers want to do

business with people they can trust and be sure that their goods and service requirements will be met. Customers want to know that the business will honor its commitments and obligations. This confirms what Zapalska and Brozik (2013) assert: that reputation plays an important role in a firm's growth and development. In this regard, if the business has a positive reputation, this lowers the search costs of customers. The most common statements were:

*"...You should keep your word all the time. Under promise and over deliver..."*

*"... You need to make sure that you are always punctual. Punctuality develops trust with your clients..."*

Most participants confirmed that good work ethics and professionalism are critical when running a practice as a professional, and that the professional code of ethics needs to be adhered to and respected.

**4.6. Good administration.** The majority of the interviewed participants indicated that good administration systems and effective management of the business will lead to success. The truck transportation businesses said *"...Having a tracking system for all your vehicles and utilizing a computerised matrix system to track the expiry of motor vehicle licences and service periods would help you to manage your trucking business better..."*

There is a notion that a small business needs to have the basics in place to ensure that the business is managed professionally. These basics should include an accountant to look after the financial matters of the business and to ensure that the finances are healthy; another would be to ensure that there is always cash flow to deal with emergencies and contingences like breakdowns and stock shortages. Moreover, a business needs to have systems in place to manage staff and ensure that they do what they have been employed to do. A small business should be well managed to ensure that its day-to-day operations run without hindrances. A successful small business is one that has proper administration systems in place and its owner has a broad understanding of the various business functions of that business. Poor administration may also lead to employee theft and lack of accountability for stock loss. This confirms what Tlhomola et al. (2010) found, i.e. that feasible internal controls, which are part of good administration processes, should be put in place to reduce any kind of theft that is likely to put the business in danger. The argument is in line with what Moloi and Nkhahle (2014) posited that it is

imperative to keep good records of the transactions taking place in the business, for example keep records of expenditure and profit. One small business owner made this comment:

*"...Learn to manage the business professionally even though you are in the township. There are many people who think because we are in the township then we are not professional, but keep striving to be organized and have systems in place..."*

The above statement is in line with Finklestein (2006), who indicated that how an entrepreneur chooses to set up the process is important and by streamlining the business process, the company can improve productivity and minimize costs while generating equivalent or improved results. Successful businesses understand the need to constantly develop their business processes to become more proficient and productive, and to respond to market changes faster while providing improved service to customers.

**4.7. Acquisition of finance.** The majority of the participants attested that funding had been a problem for their businesses, particularly when they approached financial institutions for loans. These are some of the statements:

*"... I lost a catering contract because I did not have money to buy supplies. I tried to get a loan from the bank but had a bad credit profile ..."*

*"...Not even your bank can help me with a loan to expand my business because I did not have collateral ..."*

These sentiments are in line with the findings of Rankhumise and Rugimbana (2010), that these business owners are perceived as high-risk borrowers. As a result, most of them do not have collateral security and therefore they are not granted a loan.

**4.8. Contribution to economic growth.** Participants believe that their businesses are contributing to the economy of the country. They however contribute to the gross domestic product of the country despite some not registered as formal businesses since they operate as micro-enterprises and survivalists. Importantly, SME sector contributes to the economy through creation of more employment opportunities, generating higher production volumes and introducing innovation.

**4.9. Crime.** The participants posited that crime had a negative effect on their businesses. They indicated that their businesses had been broken into and stock and equipment stolen on a number of occasions. This confirms the findings of Mahadea and Pillay (2008): *"crime is a costly burden to individuals and*

*firms in South Africa"*. This is considered by business owners as a challenge to their businesses in the sense that they lose money.

**4.10. Job creation.** From the findings, it emerged that most of the businesses surveyed have employed a number of people in Township. This however is in line with what Amra et al. (2013) found that SMMEs create employment in both formal and informal. This finding is important due to the fact that it is the intention of the government to see businesses created job opportunities and they absorb more labor than large businesses since most of these businesses focus more on automation.

**4.11. High rates and taxes.** Rates and taxes are perceived as an impediment to effective running of the business. This includes ever-increasing electricity, rates and municipal service costs. Though these costs are mandatory, they affect the effective running of the businesses and there is a possibility of not realizing a profit due to these high costs. Importantly, small businesses are generally faced with higher interest rates, as well as credit rationing because of lack of collateral security.

**4.12. Infrastructure.** The participants indicated that infrastructure has been indicated as a barrier for their businesses. This is evident with the type of premises that they are operating in and they receive no support to acquire better premises. This concern is further alluded by Luiz (s.a.) that infrastructure particularly in the townships where there are no roads, telephone networks as well as proper premises. All these factors hamper small business development and sustainability. Despite all these challenges, the black businesses resisted discriminatory practices in the possible way and sustain their businesses to date.

## 5. Limitations of the research

The study was only conducted in Kwa-Thema Township, Gauteng. Based on the research site, the researcher would not claim generalisability of the findings. To address this challenge, it is imperative to either conduct the study in the whole of Gauteng or even in another province of South Africa so that the results are generalizable. The other limitation is that only a qualitative methodology was adopted for the study. This could at times be subjective and a mixed method could have been a better option.

## Conclusion

From the findings, the following conclusions can be drawn: it is important to have competency and knowledge of the business sector in which a small business is operating. It was found that some of the small business owners surveyed did not possess the



technical skills required to run the business that they were operating. Hard work is the most fundamental factor for business success. It is unfortunate that this principle seems to be undermined by the new business tendencies of awarding tenders to certain businesses and people become millionaires overnight just because they are politically connected. Integrity, reputation and good professional conduct are essential elements for business success. There is no strategy to correct damage to reputations. Another problem is that most of these small business owners do not know how to conduct their businesses in a professional way, since they have never had an opportunity to learn from others.

Good management and proper administration systems is imperative for the business to succeed. Unfortunately most of the businesses surveyed were lacking in this respect and only a few seemed to have proper administration systems in place. Furthermore, good administration has been cited as imperative for the success of businesses. It can be concluded that SMMEs can contribute positively to the creation of job employment. It was further noted that these types of businesses have the capability of contributing to the economy of the country; hence the government has prioritised small business development.

Over and above the success factors which matter most, a number of challenges were identified

through this research. It was realized that funding is still a concern as banks are unwilling to grant loans due to lack of collateral security. Crime has also been identified as a challenge. It was further noted that lack of experience is a risk because that will result in the inability to plan business activities, acquire loans and this could result in the business owners being unable to manage effectively and efficiently.

### Recommendations

In order to ensure sustainability of businesses in townships, it is imperative to provide training to enhance their business knowledge and management. It is further recommended that small business owners should establish alliances and join chamber of commerce so that they are able to share experience and create networks with other business owners. The government through its agencies, such Small Enterprise Development Agency and Small Enterprise Finance Agency should assist small businesses with their services. The government should create an enabling environment for small business environment.

In conclusion, the findings of this research provide valuable information to other business owners and even nascent entrepreneurs so that they are able to avert some of the challenges experienced and apply best practices.

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