

**IMPACT OF SELECTED DEMOGRAPHIC VARIABLES ON THE
SUSTAINABILITY OF THE SMALL, MEDIUM AND MICRO
ENTERPRISES (SMMES) IN SELECTED COMMUNITIES OF
MATJHABENG IN WELKOM**

by

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ABSTRACT

The study was prompted by the dwindling economic activities in the Goldfields area. Given this situation, the researcher decided to investigate the impact of the selected demographic variables on the sustainability of SMMEs in selected communities of the Matjhabeng municipality in Welkom. SMMEs are the main drivers of any vibrant economic activity. The selected demographics included the owner/manager's education qualifications, age, and previous work/business experience including their consumers' household income as well as their consumers' mobility. A research survey questionnaire was used to gather data from the SMMEs' owners/managers who were involved in the daily running of these businesses. The findings from the current study were extrapolated to the province and the entire country as conditions that pertain to the Matjhabeng area, a small, rural area of the Free State province, are not expected to vary much from what happens currently in the country in general.

Data for this research was then analysed using statistical methods. In terms of the demographic factors leading to business success, the education level of the owner/manager showed no relationship with business success. The majority of respondents had matriculated, a few had post-schooling and none possessed post-graduate qualifications. A relationship between the age of owner/manager and business success was found important in the majority of respondents who were between 35 and 39, suggesting maturity is needed to operate a business successfully. Regarding previous business experience of owner/manager, the research revealed that the majority of respondents had previous experience, confirming association of this variable with SMME success.

The consumer's household income was considered an important variable but was shown in the research to be less significant than the literature suggested; the majority of the participants' customers are in the low income level. On consumer mobility, the research showed that the majority of respondents indicated that although there was an

increase of consumers in their areas of operation this did not translate into positive business success, notably due to the closure of mines in this area.

In terms of recommendations from the findings of this research owners/managers should improve their qualifications to be more effective. They should also do market research to position their SMMEs advantageously in the market.

DECLARATION

I Kaizer Julius Makhoali, do hereby declare that this research project submitted to the Central University of Technology, Free State for the Degree **MASTER OF MANAGEMENT SCIENCES IN MARKETING MANAGEMENT**, is my own independent work, and complies with the Code of Academic Integrity, as well as other relevant policies, procedures, rules and regulations of the Central University of Technology, Free State, and has not been submitted before to any institution by myself or any other person in fulfilment (or partial fulfilment) of the requirements for the attainment of any qualification.



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INTRODUCTION AND PURPOSE OF THE STUDY

1.1 INTRODUCTION

South Africa has more than two million small businesses that represent 98% of the country's total number of firms, employing 55% of the labour force and contributing 42% of the country's Gross Domestic Product (GDP) (Brand, Du Preez & Schutte, 2007: 187-201). A South African study shows that successful small, medium and micro enterprises (SMMEs) have the potential to stimulate the demand for investment, capital and upgrading of human capital (Clover & Darroch, 2005: 238-263). The South African government has also realized the importance of SMMEs and has identified SMMEs as an important area in which to create jobs and to encourage economic growth and equity in South Africa. Government initiated the Small Enterprise Development Agency (SEDA) and Khula Enterprise Finance Limited to promote and develop SMMEs (Bates, Botha, Botha, Goodman, Ladzani, De Vries, De Vries, November & Southey, 2006: 51-87).

Bruwer and Watkins (2010: 3550-3555) claim that SMMEs in South Africa have an overall failure rate of between 70 and 80% with most of these businesses failing within the first five years of their existence, which indicates that there are significant problems in relation to sustainability. This lack of sustainability of SMMEs in South Africa results in millions of rands and opportunities being lost to the economy. Bernstein, McCarthy and Johnston (2009: 14) affirm that in Welkom, 10% more businesses close than open, most of them small retail enterprises employing an average of 5 employees. However, Moore and Manring (2009: 276-282) are of the opinion that the sustainable enterprise is resilient and has a capacity to survive, adapt and grow in the face of a dynamic and turbulent business environment. Clover and Darroch (2005: 238-263) furthermore express the view that sustainable SMMEs are more likely to expand and create jobs than any other type of enterprise. This points to the significance of ensuring sustainability of SMMEs in South Africa.

The SMMEs operating in South Africa are heterogeneous. Their activities range from sophisticated information technology firms to survivalist enterprises living from hand to mouth. SMMEs are visible in almost all sectors within the economy with most of the activities of the SMMEs in South Africa being in the retail sector (Urban, 2010: 79). This is true of the small businesses in the Welkom area. The underlying hypothesis of this research study is that a direct relationship exists between the myriad of demographic variables and the profitability and sustainability of SMMEs.

A successful entrepreneur tends to have a "real manager" personality type. This is so because, according to Miner (1997: 319-324), the real managers will succeed if they start a new business and lead the business themselves. However, a survey conducted by Prihatin Dwi Riyanti (2004: 1), in which managerial incapability was a factor hampering small-scale business, showed that the aforementioned assumption should be further scrutinised. Further studies are needed to validate this assertion.

In their paper, Salimzadeh, Courvisanos and Nayak (2015: 1151) maintain that although a large majority of businesses in all economies around the world are SMEs and their contribution to the economic sector is significant (Udayasankar, 2008:167-175), there are few and limited studies about the orientation of SMEs towards sustainability (Dangelico & Pujari, 2010: 421-486; Martin-Tapia, Aragon-Correa & Rueda-Manzanares, 2010: 266-275; Kuckertz & Wagner, 2010: 524-539). What is equally relevant and applicable to the South African situation is their observation that in the Regional Australian context, there is a gap in the literature about the experiences of regional SMEs in dealing with sustainability. Also, there is no clear path for local communities and businesses to determine why, where, when, how and how much they should move forward on the sustainable development path in their overall business strategy (Goldsmith & Samson, 2006).

For the sake of clarity, the term "SMME" widely covers different types of firms. Everything is included, from fragile zero growth micro-firms (normally employing only a couple of workers generating subsistence level revenues) to fast growing medium sized firms. The role these firms play in the developing economy and the challenges they face are often completely different. Micro firms often struggle with fluctuating revenues, red tape complexity, and lack of knowledge and relevant competencies. For medium sized firms, access to sufficient amounts of risk capital, access to technology and access to stable electricity supplies may be more of a challenge (Fjose, Grünfeld & Green, 2010: 5). This study primarily devotes attention to the small and medium and micro firms/enterprises in the South African context. According to the South Africa National Small Business Act, Act 102 (Republic of South Africa, 1996:13) small businesses are categorised by the number of the employees employed and the total annual turnover generated by the enterprise in the sector in which it operates. Small businesses are categorised as follows: a micro enterprise employs 5 or less employees with a total annual turnover of not more than a hundred and fifty thousand rand; a very small enterprise employs 6 to 10 employees with a total annual turnover of not more than three million rand; a small enterprise employs 11 to 50 employees with a total annual turnover of not more than fifteen million rand and a medium enterprise employs 51 to 100 employees with a total annual turnover of not more than thirty million rand. For the purpose of this

study, only small enterprises employing 5 to 50 employees with a total annual turnover of not more than fifteen million rand, operating in the retail sector of the economy, will be included.

It is difficult for every business to survive in the market for a long period of time because of the ever changing social environment over which there is no control. This is one of the factors that can affect the success of small businesses. This factor reflects the characteristics of the society in which the business is located. The statistical characteristics are referred to as the society's *demographics* which may include age, religion, culture, income, education, geographic shift or any other relevant characteristic (Strydom, 2011: 39). A well designed conceptual framework based on several theoretical considerations (borrowed mainly from *personality theory*) will identify groups of key elements for entrepreneurial success. According to Prihatin Dwi Riyanti (2004: 1) on personality theory, the constellation of creative personalities is not correlated with capacity factors such as education level or IQ. The creative personality is related to traits. Thus certain entrepreneurial traits, personality factors described by Miner (1997: 319-334) and the components of adversity personality are variables that affect innovative behaviour.

1.2 DEFINITIONS OF TERMS

The following terms are defined in this study: demographic variables, sustainability, SMMEs and selected communities.

➤ **Selected demographic variables**

According to Armstrong and Kotler (2005: 187), demographic variables are one of the most popular bases for consumer market segmentation. These variables include age, gender, marital status, family size, family life cycle, income, occupation, education, religion, race, geographic shift and nationality. Sun (2009: 66) further suggests that they are popular partly because the desires, preference and usage rates are closely related to demographic variables and they are easier to measure than other types of variables.

➤ **Sustainability**

The concept of sustainability across various sectors has gained popularity since the Brundtland commission Report was published in 1987. The formulation of the 2000 United Nations Millennium development goal and the 2012 Rio+20 conferences, clarified the need for environmental sustainability as a pre-requisite for sustainable development and poverty alleviation (South Africa

Country Report, 2013: 89). Emerging from world commission on environment and development, was the idea that uncontrolled development needed to be checked with sustainability concepts so that meeting the needs of the present generation without compromising the ability of future generations to meet their own needs was possible (Andrews, 2009: 359).

➤ **Small, medium and micro enterprise**

According to Bates, Botha, Botha, Goodman, Ladzani, De Vries, De Vries, November and Southey (2006: 51-87) the South Africa National Small Business Act, Act 102 of 1996, states that small businesses are categorised by the number of employees employed and the total annual turnover generated by the enterprise in the sector in which it operates, as clarified earlier.

➤ **Selected communities**

Community is a broad term for fellowship or organised society. In human communities, intent, belief, resources, preferences, needs, risks, and a number of other conditions may be present and common, affecting the identity of the participants and their degree of cohesiveness within a shared geographical location (Piaggese, Sund & Castelnovo, 2011: 140).

1.3 SURVEY OF RELEVANT LITERATURE

Welman, Kruger and Mitchell (2005: 39) point out that a review of related literature can provide the researcher with important facts and background about the subject under study. In addition Blumberg, Cooper and Schindler (2008: 107) confirm that a review of pertinent literature serves to establish the context of the problem or topic by reference to previous work. It provides the researcher with a base to understand theories and ideas on the problem and to discover which theories have been applied. It is also possible to examine research designs and methods chosen by other researchers when looking into the problem. Importantly reading the literature shows what needs to be done in the light of existing knowledge. The literature review for this research focused on the selected demographic variables which impact on the sustainability of SMMEs. The particular issues which emerged were related to business success and different factors, namely, education, age, experience, household income and consumer mobility. These factors are explained in more detail and with reference to studies highlighting their importance.

1.3.1 Educational level and business success

Kristiansen and Indarti (2004: 19) claim that a study completed in India revealed that educational background is important for entrepreneurial intention, as well as for business success. It further showed that education equips people with knowledge and managerial skills, making them better at understanding business dynamics and hence able to manage businesses more effectively.

Similarly, Perelman (2008: 42) asserts that research among U.S. born entrepreneurs show that Ivy League University graduates achieve the greatest business success. In addition, those with MBA degrees launched their companies more quickly than non-MBA holders.

1.3.2 Age and business success

The general consensus of research findings is that entrepreneurship is mostly found in individuals who are between 35 and 44 years old and that these people are willing to take risks and accept challenges (Stangler & Kauffman (2013: 6).

Perelman (2008: 42) mentions that analysis of data drawn from U.S. companies founded between 1995 and 2005, reveals that twice as many U.S. born entrepreneurs started ventures at age 50 years than at age 20. The average age of these entrepreneurs when they started their businesses was 39 years.

1.3.3 Experience and business success

Krabel and Mueller (2008: 5) claim that various empirical studies show that work experience in small businesses as well as previous entrepreneurial experience increases the proclivity to start a business. Moreover, Kristiansen and Indarti (2004: 19) affirm that individuals with prior entrepreneurial experience have significantly higher entrepreneurial intention when compared with those without such experience. The importance of experience for small-scale business success is also underscored by other experts.

1.3.4 Household income and business success

Research in the U.S. on household food expenditure has shown that household composition, household income and education level of the household head all influence food purchasing, albeit

in different ways (Ricciuto, Tarasuk & Yatchew, 2006: 779). Moreover, Yamada (2012: 63) reveals that the life cycle permanent income hypothesis (LC-PIH), which focuses on the relationship between income risks and consumption inequality, prompts households to base their consumption levels, savings rates, and labour supply on their expectation of future shocks, such as idiosyncratic labour productivity risks, as well as their anticipation of aggregate economic conditions that may affect their lifetime income.

1.3.5 Consumer mobility and business success

Geographic labour mobility is a specific aspect of labour mobility. Labour mobility generally refers to the movement of people from one job to another while geographic labour mobility provides a locational perspective on this (Productivity Commission 2013: 3). Geographic labour mobility includes the rapidly growing urban labour force arising from migration from rural areas to urban areas. This migration is usually explained in terms of push-pull factors (Nkechi, Ikechukwu & Okechukwu, 2012: 9). In the case of this study, the dwindling or closure of most mines around Matjhabeng municipality, including Welkom, led to an increasing level of mobility of labour with some dire consequences on local business success.

1.4 SIGNIFICANCE OF THE RESEARCH

This research will contribute to making SMMEs aware of the dynamics of selected demographic variables and how to withstand changes, adjust and grow in order to survive. Landrum and Edwards (2009: 4) state that a sustainable business is one that operates in the interest of all current and future stakeholders in the manner that ensures the long-term health and survival of a business and its associated economic, social and environmental systems. Dunne and Lush (2008: 9) agree that the SMMEs that are able to anticipate demographic changes and proactively adapt rather than react after the changes have occurred, will have a higher profit performance and will be able to survive. In order to develop effective interventions in the small business sector it is important to have an understanding of the sector, the specific challenges the business owners face and the capacity they have to deal with those challenges (Mahembe, 2011: 32). Moreover, SMMEs that are flexible and able to adapt, have a competitive advantage over their larger rivals by developing new-to-market products using novel technology (Ledwith & O'Dwyer, 2009: 652-661).

1.5 STATEMENT OF THE PROBLEM

In recent years, gold production has decreased in Welkom, resulting in downsizing and closure of many mines, leading to widespread redundancies among mineworkers. Unfortunately, Welkom municipality have limited resources to effectively manage the challenges presented by mines downsizing. Consequently due to these developments, there is a mushrooming of small retail stores in the informal sector to address joblessness even though many are closing down (Bernstein, McCarthy & Johnston, 2005: 49). The general perception is that those consumers with higher education and income levels tend to migrate from townships to affluent suburban areas, with the result that most SMMEs in the townships suffer big losses because the bigger chunk of their purchasing power has now migrated. The impact of all these factors on the sustainability of SMMEs in Welkom in particular is the primary focus of this study.

1.6 RESEARCH QUESTION OF THE STUDY

1.6.1 Main research question

What are the common demographic variables associated with the sustainability of SMMEs, and what is the nature of that relationship (if any)? The following are secondary-research questions of the study, derived from the main research question.

1.6.2 Secondary research questions

- To what extent does education level of owner/manager determine SMME success?
- To what extent does age of owner/manager determine SMME success?
- To what extent does owner/manager's previous work/business experience determine SMMEs sustainability?
- To what extent does general income level of a selected community determine SMME sustainability?
- To what extent does consumer mobility of a selected community have on the sustainability of SMMEs?

1.7 MAIN OBJECTIVE

The main objective of the study is to investigate the impact of the selected demographic variables on the sustainability of SMMEs in selected communities of Matjhabeng in Welkom. To realise the main objective of this research study, the following secondary-objectives were formulated.

1.7.1 Secondary-objectives

- To understand the extent to which the education level of an owner/manager determines SMME success.
- To determine whether an owner/manager's age exerts a positive and significant influence on business success.
- To find out whether previous work/business experience of owner/manager plays a significant role in determining SMMEs sustainability.
- To determine the extent at which general household income level of a selected community determine sustainability of SMMEs.
- To establish whether consumer mobility of a selected community has an impact on the sustainability of SMMEs.

A list of hypotheses was then developed, based on these research questions, which are:

H_0 : There is a no significant relationship between Educational level and SMME profitability and sustainability.

H_1 : There is a significant relationship between Educational level and SMME profitability and sustainability.

H_0 : There is no significant relationship between Age of owners/managers and SMME profitability and sustainability.

H_2 : There is a significant relationship between Age level of owner/manager and SMME profitability and sustainability.

H_0 : There is a no significant relationship between owner/manager's previous work/business experience and SMME profitability and sustainability.

H_3 : There is a significant relationship between owner/manager's previous work/business experience and SMME profitability and sustainability.

H_0 : There is a no significant relationship between customer's household income level and SMME profitability and sustainability.

H_4 : There is a significant relationship between customer's household income level and SMME profitability and sustainability.

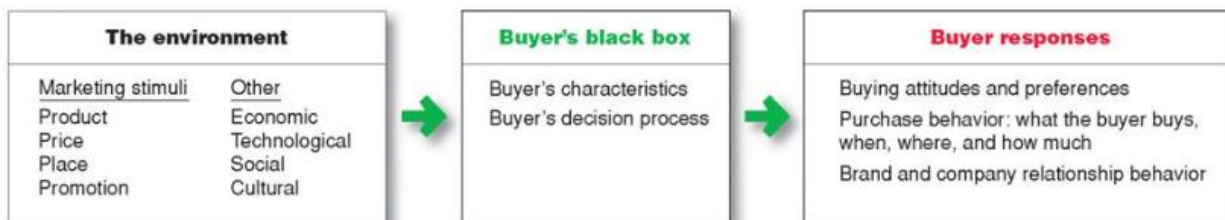
H_0 : There is a no significant relationship between consumer mobility of a selected community and SMME profitability and sustainability.

H_5 : There is a significant relationship between consumer mobility of a selected community and SMME profitability and sustainability.

1.8 THEORETICAL CONSIDERATIONS

Various theories could be used to understand the present study. For the purpose of this study, the theory of consumer behaviour and choice/demand which describes how consumers buy different goods and services is used. It also explains how a consumer allocates his or her income in relation to the purchase of different commodities and how price affects his or her decision. Armstrong and Kotler (2014: 158) outline the consumer market and construct a simple model of consumer behaviour, see Figure 1.1 below.

Figure 1.1: **Model of consumer behaviour**



In this study, selected demographic variables are used to determine their impact on profitability and sustainability of SMMEs. The following questions are at the centre of this theory and further help explain consumer decision making. What guides these individual consumer decisions? Why do consumers purchase some commodities and not others? How do they decide how much to purchase of each commodity? What is the aim of a rational consumer in spending income? These are some of the important questions to which the researcher seeks answers on the relationship between certain demographic variables impacting on expenditure pattern, which will inform SMMEs' business strategies. For an entrepreneur's business to succeed and be sustainable, it is paramount to understand what informs the expenditure patterns of consumers. Any information that helps to determine why, where, when, how and how much entrepreneurs should move forward will lead to the sustainable development path in their overall business strategy. Furthermore, consumer behaviour also explains how a consumer allocates its income in relation to the purchase of different commodities and how the price affects his or her decision.

1.8.1 Business Success of the Entrepreneur

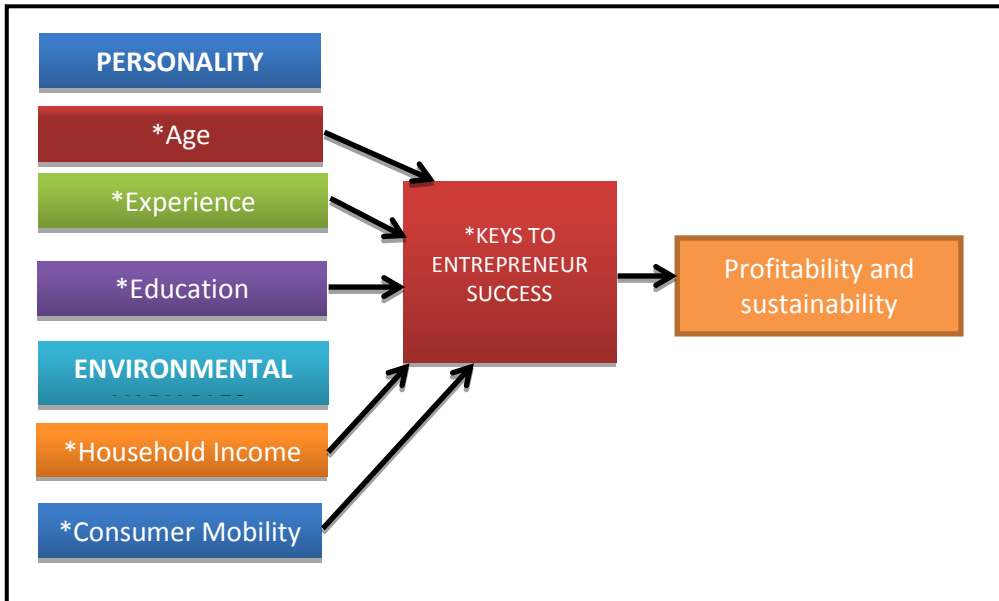
One way to measure business success is to assess the performance of individuals, which in turn could serve as an input to estimate an organisation's current overall performance, as well as its future performance. A study involving small-scale entrepreneurs in Singapore disclosed that as many as 70% of respondents use net profit growth to measure business success, followed by sales revenue growth 61%, return on investment 50%, and market share 48%. The study showed further that 38% of entrepreneurs using the net profit growth criterion acknowledged that a growth of 6% to 10% per annum was an indicator of business success (Prihatin Dwi Riyanti 2004: 1). The concept of success is often used to refer to a firm's financial performance. However, there is no universally accepted definition of success. Business success has been interpreted in many ways and there are at least two important criteria of success: financial versus other success and short versus long-term success. Hence, success can have different forms, such as survival, profit, and return on investment, sales growth, number employed, happiness and reputation (Philip, 2010: 3).

The criteria for business success and sustainability in this study have been defined in terms exclusively of two demographic variables, namely household income and consumer mobility. The study contends that social environmental change impacts on business success and sustainability; moreover, these two variables are critical for every entrepreneur to thoroughly comprehend and envision the mitigating steps needed to overcome their possible adverse effect on business. Figure 1.2 in the next section shows that demographic variables (divided into personality and environmental variables) are directly connected to small-scale business success.

1.9 CONCEPTUAL FRAMEWORK

Theoretical considerations serve as a firm foundation for the modified conceptual framework, which includes the following demographic variables: age, experience, education, household income and consumer mobility. It is clear, then, how these variables influence an SMME's profitability and sustainability, specifically, the last two variables. The variables included in the study are shown in Figure 1.2.

Figure 1.2: The model of selected demographics on SMMEs profitability and sustainability



(Chowdhury, Alam, & Arif, 2013: 41)

The consumer market can be segmented according to the following customers' characteristics: geographic, demographic, psychographic and behavioural factors, (Goyat 2011: 47). In this study, demographic variables, specifically household's income and consumer mobility, also known as geographic shift are used, as they are often used in market segmentation for the reason that they are easy to identify and measure. Furthermore, demographic variables are associated with the sale of many products and services. Finally, they provide a description of the target customers, so media buyers and others can target a desired target market (Larsen 2010: 7).

According to Bernstein, McCarthy and Johnston (2005: 13-14), job losses in Welkom between 1990 and 1997 were estimated at 120 000 with the result that unemployment in the urban core of Welkom was about 20%. One effect has been substantial emigration to other areas. Household income, education and geographic shift are relevant factors characteristics of Matjhabeng society in which businesses are located, referred to as the society's demographics according to Strydom (2011: 39). Factors like households' income and geographic shift of customers are the ones affected by the downsizing of mines.

1.10 LAYOUT AND OVERVIEW OF CHAPTERS

Chapters	Description
Chapter 1	Background, introduction to the problem and broad overview of the study
Chapter 2	Literature Review – demographic variables and SMME sustainability
Chapter 3	Research Methodology
Chapter 4	Results - data analysis and interpretation
Chapter 5	Summary conclusions and recommendations

1.11 CONCLUSION

Chapter one introduced the topic and the background to the study. It further clarified the significance of the study and expounded on the preliminary survey of relevant literature, formulated the research problem and identified the objectives of the study. The research problem was introduced as well as the research approach, design, and data collection techniques employed. Clarification of concepts, layout and overview of chapters and time frame of the study were manifested.

The subsequent chapter outlines a review of relevant literature that concerns the impact of demographic variables on the sustainability of SMMEs in the Matjhabeng municipality in Welkom.

DEMOGRAPHIC VARIABLES AND SUSTAINABILITY OF SMMEs

2.1 INTRODUCTION

This chapter examines the literature pertinent to this study drawn from a wide range of sources such as the Internet, journal articles, books, newspapers and any other relevant sources. These sources were reviewed in order to identify whether and how other researchers have dealt with areas related to questions associated with this study. It can safely be stated that most, if not all documentary evidence shows that demographic variables have an impact on the sustainability of small medium and micro enterprises (SMMEs). In this however, the researcher deemed it necessary to delve only on selected demographic variables, namely age, education, experience, household income and consumer mobility and their impact on SMME sustainability. Prior to focusing on these demographic variables, it's important to reflect on both segmentation and consumer decision making processes.

2.1.1 Consumer behaviour

Consumer behaviour is the study of the process involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires (Solomon, 2013: 31). Kelly, McGowen and Williams (2014: 179) describe consumer behaviour specifically as to how people act when they are buying products for their own personal consumption.

2.1.2 Consumer decision making

Consumer decision making refers to how people act when they are buying, using and discarding goods and services for their own personal consumption. It also explores the reasons behind people's actions (Kelly *et al*, 2014: 179). Strydom (2011: 311) further adds that the consumer decision-making process consists of five phases through which consumers' progress systematically. During all the stages of this process, markets try to convince the customer to buy their products.

These five stages are explained below.

Stage 1 Awareness of an unsatisfied need or problem

The first stage in the consumer behaviour decision-making is problem recognition meaning that the consumer realises that an unfulfilled need exists. This can be triggered when a consumer is exposed to either an internal or external stimulus (Lamb, Hair, McDaniael, Boshoff, Terblanche, Elliot & Klopper, 2015: 85). A marketer should often make use of advertisements to make consumers aware of an unfulfilled need (Kelly *et al*, 2014: 180).

Stage 2 Gathering information on how best to solve the problem

After recognising a discrepancy, need or want, consumers search for information about the various alternatives available to satisfy their wants. An information search can occur internally or externally or both (Lamb *et al*, 2015: 86). A marketer should see to it that all information required is available (Kelly *et al*, 2014: 180).

Stage 3 Evaluation of all possible solutions

During this stage the consumer compares and evaluates the information regarding the different available products (Strydom, 2011: 311). After collecting information and compiling an evoked set of alternatives, the consumer is ready to make a decision (Lamb *et al*, 2015: 89). A marketer should see to it that product utility and the advantages of a product are emphasised in advertisements (Kelly *et al*, 2014: 180).

Stage 4 Deciding on a course of action

One way to encourage the consumer to decide to buy is to narrow the number of choices in the evoked set by picking an important product attribute and excluding all products in the set that do not have that attribute (Lamb *et al*, 2015: 91). A marketer should encourage a consumer to buy immediately, by having promotional material and credit facilities available to ensure the consumer actually buys the product (Kelly *et al*, 2014: 180).

During this stage the consumer evaluates his/her decision and uses this evaluation for future decision-making (Strydom, 2011: 312). At this point a marketer should have an advert directed to the consumer who has purchased a product to reassure her/him that she/he has made a correct decision (Kelly *et al*, 2014: 180).

Clearly according to Kelly *et al* (2014: 180), a marketer can influence the purchase decision every step of the way, from helping the consumer identify needs or problems, to resolving that awful feeling of cognitive dissonance after a major purchase.

2.1.3 Segmentation

Armstrong and Kotler (2005: 54) define market segmentation as dividing a market into distinct groups of buyers who have distinct needs, characteristics or behaviour and who might require separate products or marketing mixes.

Market segmentation is important in order for a company's marketing strategy to work properly (Goyat, 2011: 52). Market segmentation is mentioned as being one of the key elements of modern marketing and is, as mentioned, the process of dividing the market into several groups and/or segment(s) based on factors such as demographic, geographic, psychological and behavioural factors. By segmenting the marketers will have a better understanding of their target audience and thereby make their marketing more effective (Larsen, 2010: 6).

Demographics and consumer behaviour are important factors in the study of sustainability of SMMEs. Understanding demographics and consumer behaviour of consumers helps in ensuring profitability and sustainability of SMMEs by assisting organisations to develop marketing strategies that address the needs and wants of consumers (Loudon & Della-Bitta, 1993: 8). Most entrepreneurs experience a rude awakening if they take consumers for granted. It is no longer sufficient to just maintain a business; it is necessary to move forward if a business wishes to achieve a profitable and sustainable future (Iraqi, 2006: 469-492). Van der Westhuyzen and van der Merwe (2010: 80) maintain that a well-developed market presentation directed at the needs, wants, demands and preferences of consumers can ensure better consumer satisfaction, which can be seen as vital requirements for business profitability and sustainability.

2.1.3.1 Demographics

This term can be defined as the size, structure and distribution of a population and its variables including age, gender, income, religion, marital status, nationality, family size, occupation and population group (Van Heerden & Drotsky, 2014: 20).

2.1.3.1.1 Age

Children aged 4 to 12, influence a great deal of family consumption through the use of products such as toys, beverages and movies. The youth market of today is computer literate. From an early age they know how to use hand-held devices such as cell phones and tablets. People between 35 and 44 are likely to have school going children living with them and spend more than all other age groups on food at home, housing and clothing. Those between 45 and 50 spend more than any other group on eating out, transportation, entertainment, education, personal insurance and pension contributions. The over 50 group controls most of the financial assets in most countries and is therefore a very lucrative market segment to target (Lamb *et al*, 2015: 208).

2.1.3.1.2 Gender

Gender segmentation is used to differentiate the needs and wants between men and women, due to the fact that males and females have different attitudes toward a product. The gender segmentation has long been applied in connection with clothing, hairstyling, cosmetics and magazines (Kotler & Keller, 2009: 257).

2.1.3.1.3 Race

Markets can be divided by race. In South Africa racial groups comprise blacks (77 %), whites (10.5%), coloureds (8.9%) and Asians (2.6%) and they differ in the way they live and spend their income (Armstrong & Kotler, 2010: 150).

2.1.3.1.4 Religion

Sometimes religion plays an important role in consuming behaviour which calls for segmenting the market on the basis of religion. This applies to restaurants and banking institutions (Verma, 2012: 343).

2.1.3.1.5 Family size

Marketers are concerned with the number of children that a family has and attempt to focus markets on the number of people in each household. Families with one or two children vary in their spending habits compared to families with many children. Affordability is related to the amount of money a family is willing to spend (Young & Pagoso, 2008: 54).

2.1.3.1.6 Family cycle

Family plays the single and most important role in an individual's early attitude formation and it determines the consumer's lifelong buying behaviour. Most families pass through a sequence of stages which are defined by a combination of factors such as age, marital status as well as parenthood (van Heerden & Drotsky, 2011: 17). The following are stages identified by them which appear in table 1.1 below.

Table 1.1 Stages in the family life cycle

Single stage: young single	Purchase a car and furniture, rent a house, fashionable clothing, vacations and leisure pursuits
Newly married couples: young without children	Highest purchase rate (dual income), highest purchase of durable goods.
Full nest 1: young married couples with children below the age of 16	Home maintenance items, baby goods, vitamins, toys and furnishing for the children
Full nest 2: older married couples with children above the age of 16 living with them	Replacement of old furniture, consumption patterns are heavily influenced by the children
Empty nest: older, married couples, whose children no longer live with them and who may either be still in the labour force or retired	Buying luxury items, spending on vacations, travel and recreation
Solitary survivors: older, single people, who may either be in the labour force or retired	May sell their homes and purchase/rent smaller properties, spend more on health-oriented products, spend on vacations and recreation.

2.1.3.1.7 *Income*

Income segmentation divides the market into different income groups. It is used mostly on automobiles, clothing, cosmetics, financial services and travel. Many companies within these categories seek to target the high-income customers. Others seek to target the customers with a lower income in order to gain consumer loyalty and lessen the competitive pressures. However, companies must consider the fact that the income does not always predict the most suitable customers for a given product due to the fact that some customers may have other preferences and prioritize their money in different manners (Kotler & Keller, 2009: 258).

However, relying only on demographic factors has been criticised for being an untrustworthy segmentation strategy. People with the same demographic factors may differ greatly from each other, based on their beliefs and attitudes (Goyat, 2011: 52-53).

2.1.3.2 *Psychographics*

In psychographic segmentation, values and lifestyles of the consumer are examined. However the researcher considers that what constitutes psychographics and what does not, is debatable. The psychographic factors are more difficult to notice compared to the demographic factors, but are usually believed to be a more accurate way of identifying consumer segments (Goyat, 2011: 53). Because of the limitation of demographics as segmentation variables, psychographics has been suggested as an additional means of segmenting the consumer market. Psychographic segmentation is market segmentation on the basis of the following variables, personality, motive and lifestyle (Lamb *et al*, 2015: 213):

2.1.3.2.1 *Personality*

Every person's specific personality influences her or his consumer behaviour. There are many different personality types, for instance, introverted, extroverted, aggressive or competitive people. An introvert, for instance, is less likely to buy flashy clothing than an extrovert who will not be shy to draw attention to her or himself (Strydom 2011: 309).

2.1.3.2.2 *Motive*

Marketers of baby products and life insurance appeal to consumers' emotional motives, namely, to care for their loved ones. Using the appeal of economy, reliability and dependability, car manufactures such as Toyota and Volkswagen, target customers using rational motives, such as safety and economic petrol consumption. Car manufacturers like Mercedes Benz and Jaguar are motivated to appeal to status-conscious consumers (Lamb *et al*, 2015: 213).

2.1.3.2.3 *Lifestyle*

Lifestyle segmentation divides people into groups according to the way they spend their time, the importance of things around them, their beliefs and socio-economic characteristics, such as income and education (Lamb *et al*, 2015: 213). According to Strydom (2011: 309) lifestyle refers to consistent patterns that people follow in their lives. It includes aspects such as the social behaviour, leisure activities and interests that will influence the consumer's response to the market offering.

2.1.3.3 *Geographic*

Kelly *et al* (2014: 174) refer to geographic issues that divide the market, based on where the consumer lives. This process can incorporate countries, cities and population density as key factors. Strydom, (2011: 318) concurs that it is used to divide the market according to geographic locations such as provinces, cities and towns.

2.1.3.4 *Behavioural*

According to Lamb *et al* (2015: 205), behavioural segmentation is based on the potential buyer's knowledge, attitude towards, use of, or response to, a product. In other words factors such as occasions, usage rate, and brand familiarity, exert an influence on buyer behaviour to such an extent that different marketing approaches are justified for each of them.

2.1.3.4.1 *Occasion*

Buyers can be grouped according to occasions when they get the idea to buy, then actually purchase an item. Occasion segmentation can help the firm build up product usage. As an example, Campbell's advertises its soups more heavily in the cold winter months (Armstrong & Kotler, 2014: 220).

2.1.3.4.2 *Usage rate*

Markets can also be segmented into light, medium and heavy users. Heavy users are often a small percentage of the market, but account for a high percentage of total consumption. For instance, a recent study showed that heavy seafood consumers in the United States of America are a small portion of the population. Less than 5% of all shoppers buy nearly 64% of fresh and frozen seafood consumed in the USA. (Armstrong & Kotler, 2014: 221).

2.1.3.4.3 *Brand familiarity*

Some consumers are well informed about the different brands in a product class and others are extremely brand loyal. Those who are loyal and unlikely to switch brands have different marketing strategies targeted at them from those who are ill-informed, ignorant or neutral (Lamb *et al*, 2015: 206).

2.2 REFLECTION ON DEMOGRAPHIC VARIABLES

A wide range of studies profiling the demographic characteristics of entrepreneurs is evidenced in the literature. According to Armstrong and Kotler (2005: 187), demographic variables are one of the most popular bases for consumer market segmentation. These variables include age, gender, marital status, family size, family life cycle, income, occupation, education, religion, race, geographic shift and nationality. Sun (2009: 66) suggests that those elements are popular for market segmentation partly because the desires, preference and usage rates are closely related to demographic variables and they are easier to measure than other types of variables. Islam, Khan, Obaidullah and Syed Alam (2011: 291) agree and add that demographic factors such as age, gender, education and work experience have a considerable impact on entrepreneurial intention and the success of SMMEs. A common trend in the literature on the topic has been the reliance on descriptive profiles of demographic and personal characteristics, which are then often

compared with results derived from similar studies in different country settings (Chowdhury, Alam & Ifttekhar Arif 2013: 42).

Stangler and Kauffman (2013: 1) point out that demographics are the most important factors affecting SMMEs, job creation, and innovation. Demographic change shapes all issues that occupy most economic discussions such as education, employment policy, taxes, technological changes, and more. Demographic analysis anticipates future trends, helping decision makers to prepare policy interventions accordingly.

The following section will not only clarify and shed documentary evidence on the impact of each of these demographic variables on the sustainability of SMMEs, but also indicate how they will be dealt with in this research study.

2.2.1 Educational level and business success

Kristiansen and Indarti (2004: 19) claim that a study completed in India revealed that educational background is of importance for entrepreneurial intention, as well as for business success. It was revealed that education equips people with knowledge and managerial skills, making them better understand business dynamics which could enable them to manage businesses more effectively. Similarly, Perelman (2008: 42) asserts that research among U.S. born entrepreneurs show that Ivy League school graduates achieve the greatest business success. More, those with MBA degrees started their business faster than non-MBA holders. Bowen, Morara and Mureithi (2009: 16-31) also state that education is one of the factors that impacts positively on the growth of firms and that those entrepreneurs with larger stocks of human capital, in terms of education and vocational training, are better placed to adapt their enterprises to constantly changing business environments.

Islam *et al.* (2011: 292) analysed the educational background of entrepreneurs and found that 72% of successful entrepreneurs have a minimum level of technical qualification, compared with 67% of unsuccessful entrepreneurs who do not have any technical background. Further, they found that entrepreneurs with a business and technical educational background were in a better position to appreciate and analyse hard core reality and deal with it competently; these characteristics seemed to play a crucial role in entrepreneurial effectiveness.

The level of education of a business owner is positively associated with business performance, in as much as a higher education is considered to have a better impact on entrepreneurship,

because it reflects the fact that business owners are on average more capable (Sarwoko, Surachman, Armanu & Hadiwidjojo, 2013: 32). The results show that their relative profits tend to be high when an entrepreneur has more education and experience in the line of business; on the other hand, profitability tends to be low when the entrepreneur has only-start up and managerial experience, but lacks an educational background. Thus education can be seen as a vital factor in business success or failure. Owner managers with education in managing business are more capable of finding ways to activate business compared to others without relevant education (Wanigasekara & Surangi 2010: 2).

Numerous studies have postulated that the effect of education on entrepreneurship success is positive and significant (Omuvwie, 2013: 66) and thus it is useful to live in a country in which educational institutions strengthen entrepreneurial education. When learners are oriented towards entrepreneurship from an early age, it becomes easier to develop successful ventures, according to Fatoki (2011: 193).

2.2.2 Age and business success

The general consensus of research findings is that entrepreneurship is concentrated among individuals who are between 35-44 years old. This differs from the conventional belief that entrepreneurship is mostly found among very young people, who are presumed to be willing to take risks and are undeterred in challenging established ways of doing things (Stangler & Kauffman 2013: 6). Perelman (2008: 42) mentions that analysis of data drawn from U.S. companies, founded between 1995 and 2005, revealed that twice as many U.S. born entrepreneurs started ventures at age 50 years than at age 20. The average age of these entrepreneurs when they started their enterprises was 39 years. Munikrishnan and Veerakumaran (2012: 23) agree that a significant relationship can be found between the age of an entrepreneur and business success. Moreover, they also indicated that older entrepreneurs were more successful than younger entrepreneurs.

However Xavier, Kelly, Kew, Herrington and Vorderwulbecke (2012: 7) present another view, that economies in all geographic regions showed bell-shaped age distributions with the highest entrepreneurship rates generally occurring among the age group of 25–34 years. High participation levels also occurred in the next oldest age group: 35–44 years. Islam *et al.* (2011: 291) found that individuals ranging from 25-44 years of age were the most entrepreneurially active. Furthermore, they found a significant correlation between the age of the entrepreneur and business success: entrepreneurs older than 25 years were more successful than younger ones.

The age of the entrepreneur is a very important factor because it increases an individual's ability to exploit opportunities. It has also been shown to correlate positively with entrepreneurial business performance and suggests a model that assumes the probability of a new business to survive is increasingly related to an entrepreneur's age, (Kumar Rai, 2008: 217). Kumar Rai (2008: 226) further argues that the data supports the notion that entrepreneurship may be evolving as a worthy career and noted that the majority of entrepreneurs in India were 25 years old at the time of starting their business. Wolverson (2013: 8) agrees that starting a business is easier when one is younger because of having fewer responsibilities, thus one is likely to "pour blood, sweat and tears" into a new business.

2.2.3 Experience and business success

Krabel and Mueller (2008: 5) claim that various empirical studies show that work experience in small businesses as well as previous entrepreneurial experience increases the aptitude to start a business. Moreover, Kristiansen and Indarti (2004: 19) affirm that individuals with prior entrepreneurial experience have significantly higher entrepreneurial intentions when compared to those without such experience. The importance of experience for small-scale business success is also underscored by other experts. Jan, Irshad and Nadeem (2013: 158) state that entrepreneurs gain knowledge from different sources and that the sources may be informal as well as formal – for example, the entrepreneur's personal experience and training, friends or family are all aspects which could assist the entrepreneur to choose the right opportunity in the marketplace.

Perelman (2008: 42) states that, while education is clearly an added advantage for founders of businesses in the United States, experience is also a key factor. It is clear that a large number of U.S. business founders have worked in business for many years before establishing their own. Ismail, Khalid, Othman, Rahman, Kassim and Zain (2009: 55) show that females are less likely to be founders of businesses than males. They also state that females with prior experience in entrepreneurial activities have higher entrepreneurial intentions compared to those with no prior experience.

Wanigasekara and Surangi (2010: 3) state that experience is also a key factor of business success, especially when the new business is related to earlier business experiences. In other words, entrepreneurs with considerable experience in managing businesses are more capable of finding ways to open and run businesses compared to entrepreneurs with less experience of managing businesses.

2.2.4 Household income and business success

Research in the U.S. on household food expenditure has shown that household composition, household income and education level of household heads all influence food purchasing, albeit in different ways (Ricciuto *et al.* 2006: 779). Moreover, Yamada (2012: 63) reveals that in terms of the life cycle permanent income hypothesis (LC-PIH), which focuses on the relationship between income risks and consumption inequality, households are prompted to base their consumption levels, savings rates, and labour supply on their expectation of future shocks, such as idiosyncratic labour productivity risks, as well as their anticipation of aggregate economic conditions that may affect their lifetime income.

Ricciuto *et al.* (2006: 779) have discovered that according to the Consumer Expenditure Survey, consumption inequality in the U.S. did not increase significantly over the decade of their study. However, when an income shock is transitory, income inequality appears to increase, although the corresponding consumption inequality does not necessarily change from the LC-PIH. On the other hand, increasing consumption inequality could be explained by an increase in permanent shocks experienced by households.

Kaytaz and Gul (2014: 2703) concur that consumption depends on consumers' disposable income, their feeling confident about their future, trusting in business and embracing lifestyles that encourage consumption. They also point out that periods of economic recession adversely affect factors which influence consumption. It is therefore important for a business to motivate consumers to have an optimistic outlook in times of crisis. According to Jacobs, Smit and Van der merwe (2010: 11), South Africa is experiencing immense structural changes in income patterns and retail environment. The total household consumption expenditure increased by 375% between 1994 and 2008.

Ligthelm (2010: 131) states that inhabitants of township areas have experienced substantial economic upliftment. Many township consumers have progressed to middle-income status, resulting in a significant increase in consumer spending. As a result, large national chains and franchisors are increasingly exploring these untapped markets. Pradhan (2007: 150) maintains that the business needs to be clear about average household income and its distribution, because the level of income determines the kind of products needed. The findings by Nwankwo and Gbadamosi (2011: 57) suggest that relevant indicators such as the gross domestic product (GDP) and the gross national product (GNP) of the economy need to be gauged to assess the health of

the economy at any point in time. In other words, business needs to be aware of the standard and cost of living of the society in which it operates, as this will go a long way towards identifying areas of opportunity. Strydom (2011: 41) goes a step further by revealing that a healthy economy is one in which new businesses are starting and job creation is growing – which in turn, leads to more spending and therefore to more businesses and jobs. However, Kramer (2012: 5) argues that in recent years both income and wealth inequality have increased largely because of rising levels of income in the highest income groups compared to the lowest income groups. This has at least in part been caused by increasing levels of profit, especially in the mining industry. At the same time, the income from wages has been reduced.

Cant (2005: 15) proposes that businesses must have knowledge of the average household income of the majority of its consumers. In this way, the shop owner is made aware if the majority of households will have the purchasing power to represent a certain market. Current buying patterns and personal savings trends will also influence the manner in which consumers spend their money. Therefore, it is important that a business determines the average income of households.

2.2.5 Consumer mobility and business success

Geographic labour mobility is a specific aspect related to labour. Labour mobility generally refers to the movement of people from one job to another. Geographic labour mobility provides a locational perspective on labour mobility according to the Productivity Commission (2013: 3). Another dimension of labour mobility is the rapidly growing urban labour force arising from rural-urban migration. Rural-urban migration is usually explained in terms of push-pull factors (Nkechi *et al.* 2012: 9). Young adults are the most mobile people in the American population. Over the five-year period from 1995 to 2000, some 6.6 million 25 to 34 year-olds moved from one metropolitan area to another. Even within metropolitan areas, place plays an increasingly important role. During the 1990s, the preference of young adults for densely populated neighbourhoods increased sharply.

Further studies of migration show that young adults with college degrees are the most likely to move and tend to move the greatest distance (Cortright 2005: 5-11). Dunne and Lusch (2008: 4) agree and add that most people in the world are increasingly moving from rural areas to cities, and that this affects the business sector. A United Nations report (2012: 4) mentions that Africa is experiencing rapid urban growth, that urban population currently consists of about 40% of the total population of Africa, and that this is projected to rise to about 60% by 2050 because cities are more attractive and draw labour from rural areas. Grant (2012: 3) estimates that by 2030 all

developing regions will have more people living in urban areas than rural areas, because economic development has an influence on urbanisation rates. There is a strong association between nations' per capita income and their level of urbanisation, even though urbanisation is not uniform within countries or regions. In the new dispensation in South Africa, politics has afforded many low-income African consumers opportunities to progress into the middle-income group. This has sparked a trend in which Africans trade township life for urban living. This shift in economic and demographic boundaries has benefited formal businesses in urban areas, according to Tustin & Strydom, (2006: 48). African governments however, are generally averse to internal migrations because movements from rural to urban areas create major concerns for the provision of basic services in cities (Adebusoye, 2006: 18).

Cant (2005: 14) warns businesses that this consumer geographic shift requires businesses not only to be concerned with numbers or ages, but also with where people reside. Choosing the right geographic location for a new business is an important decision that may ultimately determine not only the success or failure of the business itself, but the collective economic future of the residents and neighbourhood businesses that surround it (Johnson, 2012: 2). Weber (2010: 47) expounds on factors which form future trends of consumer mobility: job opportunities in the tertiary sector, job opportunities in the SME sector, the informal labour market, the education pull factor, resources, migration chain effects and formal communication channels. The decision to relocate can have far-reaching effects on the worker and their families. And more broadly, changes in the location of workers can affect businesses, communities and the entire economy. (Productivity Commission, 2013: 9).

The Centre for Developmental Support (2006: 4) warns that indirect impacts on local businesses should also be considered. The example of Virginia (in the Free State Province of South Africa) demonstrates that businesses in general suffer from mine down-scaling to the extent that they become unsustainable. The industries providing services to mineworkers and their dependents such as taxi transport, hawkers, spaza shops and SMMEs are negatively affected by mine closure. Emigration and the loss of fixed income eradicate the consumer base and the purchasing power of the community decreases (Productivity Commission, 2013: 12).

Fernie, Fernie and Moore (2004: 1) are of the opinion that the combination of demographic and socio-economic trends has resulted in a complex set of values associated with consumer behaviour. In the UK, a range of paradoxes exists where there is a more affluent society, yet there is a growing underclass of poor people who are long-term unemployed and cannot be regarded as conventional consumers. The retail response to these changes in consumer behaviour has made

the retail sector one of the most dynamic in modern economies. Innovations, development and operating practices have enabled retailers to compete and survive in a changing retail environment.

2.2.6 Job satisfaction and business success

Tabatabaei, Ghaneh, Mohaddes and Khansari (2013: 1796) in their research in an Iranian industrial company, conclude that there is a positive and significant relationship between job satisfaction and occupational health variables and demographic variables such as age, educational level, job experience and salary. They mention that men have more job satisfaction in comparison to women, and that 12-hour workers have higher occupational health scores than 8-hour workers. They maintain that job satisfaction among single workers was higher than among married workers, and that workers with higher salaries had higher satisfaction than workers with lesser salaries. Ozturk and Hancer (2011: 192) refer to a survey conducted by the Chartered Institute of Personnel Development (CIPD) which indicates differences in job satisfaction of employees across different levels of income, occupation and age in the U.S. In 2006, according to the survey, 58% of women workers were satisfied with their work–life balance and workers aged 55 years and above were more committed to their workplace than younger workers.

Komari and Djafar (2013: 2) confirm that job satisfaction is not only a reflection of the success or failure of an employee's life but also influences the employee's attitude and their life. Job satisfaction has also been linked to increased productivity and organisational effectiveness. It is further postulated that job satisfaction influences employees' propensity to remain with the organisation and to perform at higher levels (Bull, 2005: 13).

2.2.7 Employees work ethics and business success

According to Narimani, Fallah and Narimani (2012: 633), *work ethic* is the value that people ascribe to work and a strong work ethic guarantees prosperity. Brauchle and Azam (2004: 1) argue that the concept of *work ethic* relates to the desirable work attitudes, values and habits expected from employees. Positive work attitudes are attributes that are desired from every employed person, from the lowest level of employees to the chief executive officer of the organisation. A strong work ethic also leads to higher efficiency, innovation and the need for success and job satisfaction, as well as a greater income. On the other hand, conservative attitudes and a low work ethic affect employees' attitudes toward their jobs, organisation and managers, all of which may eventually influence individual, group and organisational performance.

2.2.8 Consumer loyalty and business success

Customer satisfaction is critically important because of its impact on customer retention and firm profitability. A satisfied customer will repeat the purchase of the product and convey positive messages about it to others. By contrast, an unhappy customer is more likely to switch to an alternative service the next time he/she recognises the same need. The same customer may also convey negative messages about the product, causing a seriously damaging effect on the business. It is therefore vital that companies make sure that their customers are satisfied with the services they offer (Zahidur, Rahman, Islam & Akter, 2013: 28). Afzal and Pakistan (2013: 722) agree that all service providing businesses should focus on the satisfaction of customers. This leads to customer loyalty because a satisfied and gratified customer is a free advertiser for the business. Whether it is large or small, the organisations' productivity and profitability would be improved. Serenko, Turel and Yol (2006: 20) affirm that in today's economy, most managers realise that organisational performance objectives can only materialise through high levels of customer satisfaction.

This is demonstrated by a growing body of academic and practitioner-orientated literature which indicates, for most products and services, that customer satisfaction has a strong positive effect on critical success factors, such as customer loyalty and the likelihood of product or service repurchase. For every organisation, customer satisfaction plays a vital role which enhances loyalty and profit (Vijay, Anand & Selvaraj 2012: 1).

2.3 SMALL, MEDIUM AND MICRO ENTERPRISES

According to Bates, Botha, Botha, Goodman, Ladzani, De Vries, De Vries, November and Southey (2006: 51-87) the South Africa National Small Business Act, Act 102 (Republic of South Africa, 1996), states that small businesses are categorised by the number of employees employed and the total annual turnover generated by the enterprise in the sector in which it operates. As mentioned in section 1.1 small businesses are categorised as follows: a micro enterprise employs 5 or less employees with a total annual turnover of not more than a hundred and fifty thousand rand; a very small enterprise employs 6 to 10 employees with a total annual turnover of not more than three million rand; a small enterprise employs 11 to 50 employees with a total annual turnover of not more than fifteen million rand and a medium enterprise employs 51 to 100 employees with a total annual turnover of not more than thirty million rand.

Fjose, Grünfeld and Green 2010: 5) confirm that the term "SMME" widely covers different types of firms. Everything is included, from fragile zero growth micro-firms (normally employing one or two workers generating subsistence level revenues) to fast growing medium sized firms. Various types of SMMEs such as village handicraft makers (weaving, embroidery, knitting), potteries, dyeing, small machine shops, restaurants, small dairies, are becoming increasingly important to economic development in developing nations. For example between 1990 and 1995, averages of 84 out of 100 new jobs in the region were generated by micro enterprises in Latin American countries (Chowdhury, Alam & Arif 2013: 39).

According to Urban (2010: 79) SMMEs are visible in almost all sectors within the economy. However, many of the activities of the SMMEs in South Africa are in the retail sector. The Economic Analysis Unit of SRM (2012: 36) points out that economic activity within the retail industry have flourished over the years. This can be seen by the increased development of formal retail shopping centres. This is applicable to the small retail businesses in the Welkom area.

The retail trade industry can be defined by using the classifications from the Standard Industrial Classification (SIC) from Statistics South Africa (Stats SA). The retail industry forms part of the major trade division which includes wholesale and retail trade, repair of motor vehicles, motor cycles, personal and household goods and hotels and restaurants. The retail industry is composed of 7 clusters, which are:

- General dealers;
- Retailers of food, beverages and tobacco in specialised stores;
- Retailers in pharmaceutical and medical goods, cosmetics and toiletries;
- Retailers in textiles, clothing, footwear and leather goods;
- Retailers in household furniture, appliances and equipment;
- Retailers in hardware, paint and glass; and
- All other retailers (these include retailers in reading material and stationery, jewelry, watches and clocks, sports goods, personal and households and second hand goods (Economic analysis unit of SRM 2012: 3).

Retailing is the set of activities that add value to products and services sold to consumers for personal or family use (Levy, Weitz & Grewal 2014: 7). Terblanche, Frazer, Beneke, Bruwer, Corbishley, Pentz and Venter (2013: 3) agree that retailing refers to business activities or steps required to sell goods or services to final consumers for use or consumption by themselves or their families or their households. Cant (2012: 3) verifies that retailing may be seen as a business that

focuses its effort on the final consumers with the intention of selling goods or services to them. For the purpose of this study only small enterprises operating in Welkom, in the retail sector of the economy and employing 5 to 50 employees with a total annual turnover of not more than fifteen million were included.

The following section will define sustainability because Bruwer and Watkins (2010: 3550) claim that SMMEs in South Africa have an overall failure rate of between 70 and 80% which indicates that there are significant problems with sustainability as these businesses fail within the first 5 years of their existence. Moreover, the lack of sustainability of SMMEs in South Africa results in millions of rand and opportunities being lost to the economy. Bernstein and McCarthy (2009: 14) affirm that in Welkom more than 10% of businesses close rather than open and most of them are small size retail enterprises with an average of 5 employees.

2.4 SUSTAINABILITY

The concept of sustainability across various sectors has gained popularity since the Brundtland commission Report was published in 1987. The formulation of the 2000 United Nations Millennium development goal and the 2012 Rio+20 conferences, clarified the need for environmental sustainability as a pre-requisite for sustainable development and poverty alleviation (South Africa Country Report, 2013: 89). Emerging from world commission on environment and development, was the idea that uncontrolled development needed to be checked with sustainability concepts so that meeting the needs of the present generation without compromising the ability of future generations to meet their own needs was possible (Andrews, 2009: 359). From these ideas about the use of the resources which were natural and being exploited for economic purposes, an argument developed amongst business people for the "triple bottom line" approach to sustainability (Elkington, 1999: 8). This approach is also called "weak sustainability". "Development" and sustainability are linked so that the argument suggests that the natural resource base can deteriorate, biological resources are only maintained at a minimum critical level and the significant issue is that wealth is generated through exploitation of natural resources (Ferraz, 2013: 23). Some of the proponents of strong sustainability are quite pessimistic about the availability of non-renewable resources and believe the level of resource depletion in the past cannot be sustained into the future unless the current generation compensate the future generations by investment into replacement of renewable resources that are functionally equivalent (Neumayer, 2010: 25). The point about the importance of economic activity and development in the economy is that people participate in the economy whether they like it or not and in a post agrarian, post-industrial economy, people have to have jobs to survive.

A study by University of Alberta (2013: 1) revealed that after decades of effort to raise living standards through industrialisation, many countries were still dealing with extreme poverty. It seems that economic development at the cost of ecological health and social equity does not lead to long-lasting prosperity. Many managers have realised that a focus on sustainability can provide strong returns while also meeting the human needs and reducing the environmental footprint of their operations (Albino & Kuhtz, 2004: 166).

Sustainability matters in this study because in South Africa a range of paradoxes exists where there is an affluent society, yet there is a growing underclass of poor people who are long-term unemployed and cannot be regarded as conventional consumers according to Fernie, Fernie & Moore, (2004: 1). Landrum and Edwards (2009: 4) state that a sustainable business operates in the interest of all current and future stakeholders in the manner that ensures the long-term health and survival of a business and its associated economic, social and environmental systems.

According to the Financial Times Lexicon (2011: 1), business sustainability represents resilience over time when a business survives shocks caused by the socio-economic and environmental systems. Moore and Manring (2009: 276) agree that sustainable enterprises are resilient, or have the capacity to survive, adapt and grow in the face of turbulent change and at the same time increase shareholder value. Further, Bansal (2010: 1) states that business sustainability is often defined as “managing the triple bottom line” – a process by which companies manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as profits, people and planet.

According to Clover and Darroch (2005: 239), their South African study shows that successful SMMEs have the potential to stimulate demand for investment, obtain capital for goods and upgrade human resources. They say that sustainable SMMEs are more likely to expand and create jobs than any other type of enterprise. Ligthelm (2008: 3), states that, regardless of the change in the competitive environment created by mall development, several factors may contribute to the survival of SMMEs. It was found that the type of business and its location and, in particular, the level of entrepreneurial acumen and business management skills embedded in small businesses (to facilitate pro-active adjustment of business practices to cope with the new competitive environment) were key to the survival of small businesses. The next section will demonstrate the relationship between demographic variables, SMMEs and sustainability.

2.5 DEMOGRAPHIC VARIABLES AND SMMEs

Larsen (2010: 7) explains that demographic variables are associated with the sale of many products and services and gives a description of the target customers so that media buyers and others can target a desired target market.

The study conducted in South Africa by Clover and Darroch (2005: 238) show that the employed people in SMMEs are more likely to start their own businesses. However, most SMMEs exist primarily as survivalist firms with little capacity for sustained survival or growth. Brand, du Preez and Schutte (2007: 189) have established that South Africa has more than two million small businesses that represent 98% of the country's total number of firms, employing 50% of the labour force and contributing 42% of the country's wage bills. Yet 87% of these enterprises are survivalist and operate outside the formal economy. Islam *et al* (2011: 290) says that SMMEs stimulate private ownership and entrepreneurial skills, are flexible and can adapt quickly to changing market demand and supply situations, generate employment, help diversify economic activity, and make a significant contribution to exports and trade. Mmakola (2009: 71) found that in South Africa most of the small and medium enterprises have actually been shedding jobs since 1990. New mainly unsustainable jobs characterised by low wages have been increasing, hence survivalist and micro-enterprises have become an escape route for people who cannot find jobs in the formal economy.

Although SMMEs are currently at the forefront of local economic development and are purported to resolve socio-economic problems in South Africa, this sector faces a wide spectrum of constraints, which restricts them from reaching and maintaining a competitive position in their respective industries (Urban & Naidoo, 2012: 147).

However, Brand, du Preez and Schutte (2007: 191) claim that the performance of the formal economy has an effect on the SMMEs and on their sustainability. Similarly, pressures on the formal economy, such as slow growth, high inflation, legislation and low investment or macro-economic factors can lead to an increase in unemployment, which in turn increases the numbers of those involved in labour migration.

Defining SMMEs further is useful for the discussion. Dunne and Lush (2008: 9) assert that the SMMEs which are able to anticipate demographic changes and proactively adapt rather than react after the changes have occurred, will have higher profit performance and will be able to survive. In order to develop effective interventions for the SMMEs it is important to have an understanding of the sector, the specific challenges, the business owners and the capacity they have to deal with

those challenges (Mahembe, 2011: 32). Moreover, the flexibility and ability SMMEs have, gives them a competitive advantage over their larger rivals by developing new-to-market products using novel technology (Ledwith & O`Dwyer, 2009: 652-661).

Successful SMMEs look forward and embrace the change. They seek the opportunity, avoid pitfalls and evaluate risks. They understand their market and adhere to ethical practices. Their core goal is to generate a long-term profit by delivering value to their customer suggests Kelly, McGowen and Williams (2014: 3). Goyat (2011: 45) reports that it has become difficult for every competitor to survive in the market for a long period because competition can be seen as "cut throat", "change or die" being the core of marketing. In the next section selected communities pertinent to this study are be described.

2.6 REFLECTION ON WELKOM COMMUNITY

"Community" is the term derived from the word *communité* (French), which is derived from the Latin *communitas* which is a broad term for fellowship or organised society. In human communities, intent, belief, resources, preferences, needs, risks, and a number of other conditions may be present and common, affecting the identity of the participants and their degree of cohesiveness within a shared geographical location, (Piaggese, Sund & Castelnovo 2011: 140). It is important to understand the homogeneous categorisations of different communities in South Africa. Identifying communities with a common socio-economic profile can help SMMEs in selecting homogeneous markets and the knowledge of buying patterns, preferences of consumers within different lifestyle segments allows a business to target their market effectively (Du Plessis, Rousseau, Boshoff, Ehlers, Engebrecht, Joubert & Sanders, 2008: 234).

Ascarza (2011: 27) reminds us that Southern Arizona contains a rich mining history involving different small towns. Today many have long been abandoned and are ghost towns with next to no population. Several reasons exist for the fate of these sites, including diminishing supplies of ore and lack of economic feasibility to continue mining operations as well as active mechanisation of the mining sector and business decisions to cease mining as mine-life ends. Also, the global market has changed in relation to who owns and uses which resources, as for example in the so-called platinum sector (Ferraz, 2013).

Mpumalanga, as a province rich in mineral resources, has a number of small towns which were designed to provide housing, social infrastructure and recreation facilities for mine employees and were managed by the mine companies. Once a mine closes, economic activities around these

towns deteriorate, causing unemployment and severe stress for mining communities (Laduma, 2007: 2). Bernstein, McCarthy and Johnston (2005: 13) attest that Welkom has lost a large measure of the original economic base upon which it was founded: namely, cost-effective gold mining. In recent years, tens of thousands of local jobs have been lost in this process of economic decline.

In Matjhabeng, the population dropped from 472 000 in 1996 to below 410 000 in 2001. This represents a decline of -2.8% per annum over a five-year period. This negative trend continued between 2001 and 2011, with the population declining at -0.4% per annum. Despite population numbers having declined in Matjhabeng, there has been an increase in the number of households. These figures suggest that, in some cases, mine downscaling contributes to household growth and also to pressure to provide housing. In our opinion, this however is somewhat artificial: most of the people who make up households are former mine workers (either creating new households or bringing their family from their places of origin) who stay on in the area in the hope of finding employment (Marais, Van Rooyen, Nel & Lenka, 2016: 10).

2.7 CONCLUSION

Chapter two examined the literature pertaining to the study drawn from a wide range of sources. The sources were reviewed to identify key issues related to research questions associated with this study. It can safely be stated that most, if not all, documentary evidence showed that selected demographic variables have an impact on sustainability of SMMEs. This study will not only validate or disprove these bodies of evidence, but will explore and determine their application in the case of SMME businesses within the Matjhabeng community, by means of a certain method of research.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

In the previous chapter, literature was thoroughly examined about the impact of selected demographics on the sustainability of SMMEs in selected communities of Matjhabeng Welkom. It is however, equally important to relate what the literature says to the problem under investigation, which is why the quantitative research method was deemed appropriate for this research study.

This chapter deals in-depth with the method of research used in this study, why this method was chosen and describes the process that was followed in terms of the research methodology, research design, population and sampling process, data collection strategies, data analysis techniques, validity and reliability of a measuring instrument, ethical considerations, limitations of the study, trustworthiness of research findings as well as biographical issues.

3.2 RESEARCH METHODOLOGY

Methodology is the theory of acquiring knowledge of the best ways, methods or procedures by which assembled data will provide the evidential basis for the construction of knowledge about whatever is being researched (Opie, 2004: 29). Furthermore Mayoux (2005: 3) says that research methods are divided into quantitative, qualitative and participatory, each with different underlying approaches, tools and techniques. According to Leedy and Ormrod (2010: 96) quantitative method focuses on explaining, predicting and using large samples while qualitative method focuses on describing, exploring and using a smaller sample. Each of these methods is briefly discussed after which the focus will shift to quantitative method which is the adopted method in this study.

3.2.1 Quantitative Research

Burns and Bush (2006: 202) describe the quantitative method as research involving the use of structured questions in which the response options have been predetermined and a large number of respondents involved. Quantitative research refers to the fact that this type of research examines variables that typically vary in quantity (size, magnitude, duration or amount). Part of

the research process involves using different methods of measuring variables to determine how big or how strong they are (Gravetter & Forzano, 2016: 25).

3.2.1.1 Characteristics of quantitative research

According to Cozby (2007: 109) there are a number of ways that can characterise quantitative research. Reddy and Acharyulu (2011: 68) mention that quantitative research gathers data by using a more structured research instrument; it tends to focus on specific behaviour that can be easily quantified, it generally investigates large samples which are representative of the population, the research can be repeated and its conclusions are objective and are based on statistical analyses of data. Dunn (2010: 42) confirms that data used in quantitative research is always converted into numbers for ease of interpretation and statistical analysis.

3.2.1.2 Designs in quantitative research

According to Kumar (2014: 134) all designs used in quantitative studies can be classified by examining them from three different perspectives: the number of contacts with the study population, the reference period of the study and the nature of the investigation. Study designs based on the number of contacts can also be classified into three groups: cross-sectional, before-and-after studies and longitudinal studies.

3.2.1.3 The cross-sectional study design

It also known as one-shot or status studies, they are the most common design in the social sciences. They are best suited to studies aimed at finding out the prevalence of a phenomenon, situation, problem, attitude or issue of the population by taking a cross-section of sample at one time (Kumar, 2014: 134). Kumar (2014) further states that this study is extremely simple in design as one will just decide what he/she wants to find out, identify the study population, select the sample and contact the respondents to find out the required information. According to Burns and Bush (2010: 150) the cross-sectional studies measure units from a sample of population at one point.

In this study, the respondents were identified and selected from the target population group, and then surveyed once regarding the impact of selected demographics on the sustainability of the SMMEs in the selected communities of Matjhabeng municipality in Welkom.

3.2.1.4 Longitudinal study design

Longitudinal study is a research conducted on a single group of people and is followed over the course of several months or years; data related to the characteristic(s) under investigation are collected at various times (Leedy and Ormrod 2001: 194). According to Burns and Bush (2010: 150) longitudinal study repeatedly measures the same sample units of a population over a period of time.

3.2.1.5 The before-and-after study design

This design, also known as pre-test/post-test design, measures change in the situation, phenomenon, issue, problem or attitude. It is the most appropriate design in measuring the effectiveness of a programme (Kumar, 2014: 136). One-group before-and-after design as outlined by Burns and Bush (2010: 158) is achieved by first measuring the dependent variable then changing the independent variable and finally taking a second measurement of the dependent variable.

In this study, the cross-sectional study was employed as it was easier to conduct because the researcher was able to collect information needed at a single time and did not involve tracking down people who would have relocated to various other parts of the world (Leedy & Ormrod, 2001: 194).

The next section covers qualitative research.

3.2.2 Qualitative research

The qualitative research method involves collecting, analysing and interpreting data by observing what people do or say. Any study that is conducted by using the observational technique or unstructured questioning can be classified as qualitative research (Burns & Bush, 2006: 202). According to Salkind (2009: 209), qualitative research is the social or behavioural science research that explores the processes that underlie human behaviour using exploratory techniques such as interviews, surveys and a case study.

3.2.2.1 Characteristics of Qualitative Research

There are a number of methods in qualitative research according to (Cozby, (2007: 109) and Reddy and Acharyulu (2011: 63). For example data is gathered using a less structured research instrument and the research focuses on people behaving in the natural setting and describing their world in their own words. It also emphasises collecting in-depth information from a relatively few individuals or within a limited setting and its conclusion is based on the interpretation drawn by the researcher. Dunn (2010: 42) indicates that qualitative research uses an open systems view in that any information gathered is of no fixed variety, thus the benefit is that they disclose the richness of human experience.

3.2.3 Comparison of the two methods

According to Bryman (2012: 161,384) the process of quantitative research is as follows:

- The theory
- Hypothesis
- Research design
- Devise measures of concepts
- Select research site(s)
- Select research subjects/respondents
- Administer research instruments/collect data
- Process data
- Analyse data
- Findings/conclusions
- Write up findings/conclusions

While the process of qualitative research is as follows:

- General research question(s)
- Selection of relevant site(s) and subjects
- Collection of relevant data
- Interpretation of data
- Conceptual framework

- Tighter specification of the research question(s)
- Collection of further data
- Writing up the findings/conclusions

According to Kumar (2014: 132) quantitative research is specific, well-structured, has been tested for validity and reliability and can be explicitly defined and recognised. Qualitative research either does not have these attributes or has them to a lesser degree.

The process of quantitative research was adhered to in this study. The researcher used the quantitative method as it provided quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that population. From the sample results, the researcher generalised or drew inferences to the population of SMMEs in Matjhabeng municipality (Creswell, 2014: 155-156).

3.3 RESEARCH DESIGN

According to Coldwell & Herst (2004: 36) and McMillan (2008: 11), the research design refers to the strategy or plan of carrying out the study. It is a detailed plan outlining how observations are to be made and through it, the researcher describes how the participants will be involved with a view to reaching conclusions about the research problem. There are various classifications of research designs, for example, research designs that are exploratory, causal, descriptive, quantitative, and qualitative in nature. This research study adopted a positivist paradigm; positivism is associated with quantitative research. The paradigm involves testing a hypothesis to obtain “objective” truth. It is also used to predict what may happen at a future date (Coetzee, 2011: 68). The quantitative approach to research is mainly based on positivism and neo-positivism (Struwig & Stead, 2001: 5; Creswell, 2003: 153). The researcher employed mainly descriptive quantitative methods in the collection and analysis of data.

3.3.1 Population and sampling

Population is an aggregate of all units or cases that conform to some designated set of criteria (Blaikie, 2004: 160). Population is the collection of elements or objects from which information is to be gathered to solve a problem (Cant, Gerber, Nel & Kotze., 2003: 125).

According to Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliot and Klopper (2010: 321-328) the most common population identified was the independent ownership of a single retail SMMEs by a

single owner or co-owners. These were retail SMMEs selling a variety of merchandise and located mainly in a neighbourhood and at local shopping centres. They consisted of General dealers, Butcheries, Taverns and Spaza shops in the following regions or sections, Ditsheng, Hani Park and the old Thabong Township in Welkom. Welkom has a large number of retail enterprises. This is a mirror of what is happening in most South African and African communities, where much of the SMMEs activity which exists is at basic retail level (Urban, 2010: 79). The target population for this study consisted of SMMEs in the retail sector of the Matjhabeng municipality in Welkom.

Sampling is used for a variety of reasons: studying the whole population would be slow and tedious, it can be expensive, sometimes impossible; it may also be unnecessary. Given limited resources, sampling can reduce costs and increase the breadth of coverage (Blaikie, 2004: 161). Sampling is the process of selecting a sample from the target population, where a sample is a subset of the population that suitably represents the entire group (Burns & Bush, 2006: 330).

Salkind (2009: 90) points out that there are two general sampling strategies: probability and non-probability sampling where probability sampling is where any member of the population has a known equal and independent chance of being selected. Non-probability sampling occurs where the likelihood of selecting any one member from the population is not known. In this study the probability sampling technique was used, because there is a good chance of producing a representative sample as this tends to rely on random selection (Gravetter & Forzano, 2016: 145). Additionally, Lategan, Vermeulen and Truscott (2003: 35) agree that it reduces sampling error, reduces bias, increases representativeness, ensures independence of individual observation and hence lends validity to the analyses and conclusions

3.3.2 Sample size

According to Kapoor and Kushredtha (2010: 145) sample size is how large the sample should be and it can depend on various constraints like cost, nature of the analyses to be performed and the desired precision of the estimates one wishes to achieve. Bryman (2012: 197) agrees that the decision about sample size is not a straightforward one; it depends on a number of considerations and there is no definite answer.

The researcher aimed at a population of 117 retail SMMEs (as per the Goldfields Chamber of Commerce database), with at least a sample size of 90 respondents, owners and managers in Matjhabeng in Welkom. The sample size is in line with the requirements set by the sample size calculator used to determine the adequate sample size for the quantitative study (population size

of 117, confidence level of 95% and margin of error of 5%). This sample size calculator uses a normal distribution (50%) to calculate the optimum sample size (Survey Monkey, 1999-2016). The actual number of SMMEs ultimately successfully surveyed was 69, consisting of 1 Hair making, 4 butcheries 9 liquor and 55 Spaza shops. Each enterprise was assigned a numerical label from one up to hundred and seventeen (117) for the SMMEs to remain anonymous.

3.3.3 Types of sampling procedures

There are a number of sampling techniques available within the probability technique (David & Sutton, 2004: 150). According to Burns and Bush (2010: 369) there are four probability sampling methods: simple random sampling, systematic sampling, stratified and cluster sampling. Each of these procedures is briefly discussed after which the focus will shift to simple random sampling.

3.3.3.1 Systematic sampling

For this probability sampling method, sample members are chosen at regular intervals after a random start (Trustin, Ligthelm, Martins & Van Wyk, 2010: 352). Kapoor and Kulshrestha (2010: 138) indicate that systematic sampling is a modification of random sampling. If the intended sampling ratio is $1/n$ one can start by choosing the first item at random among the n objects in the list of population and thereafter pick each n^{th} object to get a systematic sample. As an example, the researcher creates a list of all SMMEs which in this instance is 117 in total, and would assign each of them a number and then divide 117 by 70 which gave 2. The number of the SMMEs intended to sample is 70. After the division the number that will come out becomes an interval number, namely 2. Then after selecting a beginning number randomly, it would mean that after that number, a number will be selected at intervals until the total numbers selected is 70.

3.3.3.2 Stratified sampling

According to Churchill, Brown and Suiter (2010: 340) a probability sample is where a population is divided into mutually exclusive and exhaustive subsets and a simple random sample of elements is chosen independently from each group of subset. According to Kapoor and Kulshrestha (2010: 138-139) in this type, the population is divided into a number of strata and random samples are taken within each stratum.

3.3.3.3 Cluster sampling

David and Sutton (2004: 151) state that a clustering technique involves selecting a sample based on specific, naturally occurring groups within a population. According to Burns and Bush (2010: 375) cluster sampling divides the population into groups, any one of which can be considered a representative sample.

3.3.3.4 Simple random sampling

With random sampling each unit of the population has an equal probability of inclusion in the sample (Bryman, 2012: 190). This type of probability sample depends on the sampling distribution of the particular statistics being considered for the ability to draw inferences about the larger population (Churchhill, Brown & Suiter 2010: 236). According to Kumar (2014: 236) there are three methods of drawing a random sample, the fishbowl draw, whereby, if a population is small it is easy to number each element using separate slips of paper for each element, put all the slips into a bowl and then pick them out one by one without looking until the number of slips equals the sample data size you decide upon. The other method is a computer programme which can utilise different programmes to select a random sample. The last is a table of randomly generated numbers from which one can select a sample by using this table according to the procedure described (see appendix A).

3.3.3.5 Justification for using simple random sampling

It is the most commonly used method of selecting a probability sample, in line with the definition of randomisation whereby each element in the population is given an equal and independent chance of selection (Kumar, 2014: 239). According to Burns and Bush (2010: 373) it embodies the requirements necessary to obtain a probability sample and therefore to derive unbiased estimates of the population characteristics. They further add that it guarantees that every member of the population has an equal chance of being selected into the sample, no matter what its size, and will be a valid representation of the population.

The probability sampling technique, with specific reference to simple random sampling method, was employed because it makes the findings of descriptive and inferential statistics analysis valid (Wegner, 2012: 157).

3.4 DATA COLLECTION

Blumberg, Cooper and Schindler (2011: 58) explain that the collection of data may range from a simple observation at one location to an impressive number of multinational corporations at sites in different parts of the world. The method selected will largely determine how data is collected.

Data for the main study was collected using structured and unstructured or open-ended self-administered questionnaires. The questionnaires were distributed to the retail SMMEs drawn from the Goldfields Chamber of Commerce database in Matjhabeng, Welkom municipality, and in distributing the questionnaire the “drop and collect” procedure was chosen. A hundred and seventeen owners/managers were approached in the study. Sixty nine owners/managers completed the questionnaire correctly. SMMEs taken up for the study were single retail shops owned by one or two individuals, which is the most common retail business according to Lamb, Hair, McDaniel, Terblanche, Elliot and Klopper (2010: 321-328). They were all SMMEs with ten or fewer employees. This is the generally accepted definition of SMMEs for this study (Bates, Botha, Botha, Goodman, Ladzani, De Vries, De Vries, November & Southey 2006: 51-87). Each questionnaire took a respondent ten to twenty minutes to complete. Before conducting the survey, each retail owner/manager signed a consent form (see appendix D) indicating that he/she agreed to participate in the research. The questionnaires were collected after a period of 7 days by the researcher. For a sample of the questionnaire see Appendix B.

3.4.1 Instrumentation

According to Colton and Covert (2007: 5) instrumentation is a mechanism for measuring phenomena and is used to gather and record data for assessment, decision making and ultimately understanding. Kumar points out (2014: 222) that it is an important aspect of the research as it constitute the input and the output (the findings and conclusion) of the study. Items in a research instrument are questions asked of the respondents and their responses become the raw data which are processed making use of statistical methods to be able to find answers to the research questions. A semi-structured questionnaire designed by the researcher was used to collect data in this study (Creswell, 2014: 159).

3.4.1.1 The questionnaire

A questionnaire is the vehicle used to pose the questions that the researcher wants the respondents to answer (Burns & Bush, 2006: 300). Mustafa (2010: 193) states that a

questionnaire is a tool or device for securing answers to a set of questions by the respondent who fills in the form or questionnaire himself/herself.

3.4.1.2 Advantages of the questionnaire

Du Toit (2011: 71) points out that the questionnaire is the most common instrument for the collection of primary data for survey purposes. Cameron and Price (2009: 334) and Trustin, Ligthelm, Martins and van Wyk (2010: 189) elaborate further that clients see a questionnaire as an acceptable approach, and the easier the answers appear to be, the better the response rate. Questionnaires can also be distributed without much expense to a large number of people and in return gives a lot of data that can be analysed and included in the final report.

3.4.1.3 Disadvantages of the questionnaire

Bryman and Bell (2011: 234) find that a questionnaire cannot prompt respondents to answer questions because no one is present to help respondents if they have difficulty in answering the questions. It is difficult to ask some kinds of questions when using a questionnaire. According to Bryman (2012: 235) a questionnaire is not appropriate for respondents whose literacy is limited or whose facility in English is restricted and may not be able to answer the questionnaire. In this study, the questionnaire was translated into Sesotho, the most spoken language in the area.

Cameron and Price (2009: 355) suggest a number of ways to encourage respondents to complete a questionnaire:

- the first impression of the envelope or front sheet of a questionnaire must be a good one; it should attract attention likely to make respondents want to answer the questionnaire;
- the covering letter needs to be professional, informative, engaging, accurate, aesthetic and concise;
- If the questionnaire is to be handed out then a précis of the content of the covering letter on a front page of the questionnaire may be preferable for the following reasons:
 - ❖ To establish the researcher's credibility and the credibility of the research;
 - ❖ To inform the respondent what the researcher wishes them to do as clearly as possible;
 - ❖ A good covering letter will let the respondent know the researcher's name, what the research is all about, the assurance of anonymity and confidentiality, what the questionnaire involves and the logistics of the process.

The disadvantages of the questionnaire used was that the researcher had few open-ended questions, since closed-ended questions were easier to answer and the questionnaire was shortened to 30 questions in order to reduce the risk of respondent's fatigue (Bryman & Bell, 2011: 232).

3.4.1.4 Characteristics of a good questionnaire

According to Wiid and Diggins (2009: 172), a questionnaire needs to fulfil the following purposes: it must collect relevant data required for the identified problem, ensure that the collected data is comparable, it should minimise biases, attract and motivate respondents to participate in the survey, and encourage respondents to be honest and accurate when answering, and facilitate the task of the data processing activities.

3.4.1.5 Types of questionnaires

There are different ways to ask participants for self-reporting, open-ended and restricted questions (Gravetter & Forzano, 2016: 331). Open-ended questions, also known as unstandardised questions, enable the respondent to enter a response in their own words. Closed-ended questions, also known as standardised questions, require the respondent to select from the range of stated answers (David & Sutton, 2004: 163).

In this study, a semi-structured (open-ended and closed-ended) questionnaire was used to collect data and more facts about the phenomenon, as well as letting respondents express their feelings about the same phenomenon, which would result in obtaining a balanced view of the results.

3.4.1.6 Pilot study

According to Burns and Bush (2006: 321) a pilot study is a rehearsal of the questionnaire of the survey on a small, representative set of respondents in order to reveal questionnaire errors before the survey is launched. In this study, after translating the questionnaire into the vernacular namely Sesotho, the participants were informed about the pilot study and their cooperation was requested in spotting words, phrases, question flow and other aspects in which the questionnaire could be improved. The pilot study was pre-tested on a convenience sample of not less than ten respondents who were not part of the population included in the final sample to avoid any influence they could have had on the study. The initial semi-structured questionnaire was pre-

tested using the collaborative pre-testing method described by Cooper and Schindler (2006: 396). The sample size of pre-testing was the total number of questions on the questionnaire plus one. The pilot study yielded a correlation coefficient alpha reliability score of 0.74, which indicates good validity and comments were incorporated in the final questionnaire.

3.4.1.7 Construction and administration of the questionnaire

Kapoor and Kulshrestha (2010: 91) mention that considerations for constructing a questionnaire include not only the type of data but also its cost, time and degree of accuracy. The nine steps involved in the development of a questionnaire are:

- Decide what information is required.
- Define the target respondents and choose the methods of reaching the target respondents.
- Decide on the question content.
- Develop questionnaire wording.
- Put questions into a meaningful order and format.
- Check the length of the questionnaire.
- Check the physical appearance of the questionnaire.
- Pre-test the questionnaire.
- Develop the final survey form.

These steps were adhered to when the questionnaire was constructed.

The questionnaire was divided into three parts: Part A had 12 questions. Questions 1-5 dealt with the demographics of respondents (gender, educational level, age and previous working experience) and how they impact on the sustainability of SMMEs. Questions 6-12 were open-ended and closed questions that provided a space for the respondents to complete giving some individual background information. Part B and C requested factual information, as well as attitude and perception. The focal issues investigated aimed to highlight the SMMEs demographics (nature of industry, the role of the respondent in the enterprise and the form of business, number of employees at the start of business, number of employees currently in business, numbers of years business existed and its estimated annual turnover) which gave a description of the enterprise under study. This section B had 7 questions; questions 4-7 were open-ended and close questions that provided space for the respondents to complete regarding annual staff turnover and financial resources. Part C had 11 questions with 6-11 being open-ended and closed questions

that provided a space for the respondents to complete as they understood their customers. The whole questionnaire consisted of 30 questions.

Churchill and Brown (2007: 410) states that one effective strategy for increasing response rate is to notify potential respondents about the survey in advance because they may remember the prior contact and feel that the researcher is not a stranger, and the other reason the respondent may think in advance about the issues to be addressed. Before conducting the survey a meeting was arranged to seek permission and explain to the retail SMMEs owner/manager the purpose of the investigation and procedure of data collection (why and how they were chosen and what self-administered questionnaires represent). This was followed by the distribution of the questionnaires at the identified business premises and the signing of consent forms in the second week and seven days thereafter, the questionnaires were collected from the participants. This administration procedure was done to ensure a high response rate (Creswell, 2014: 161).

3.5 DATA ANALYSIS

Data analysis revolves around two considerations about variables to be analysed. Firstly, the question to be posed is whether the variables will be in isolation or in relationship to one or more other variables; secondly, to check what level of measurement is to be used to measure the variable indicators (Churchill, Brown & Suter, 2010: 422). The purpose of analysing something is to gain a better understanding of it through a detailed examination of the entity that is being studied with the aim either to describe its constituents element, to explain how it works or to interpret what it means (Denscombe, 2010: 235). Data description is typically the first step in any data analysis; it provides a useful initial examination of the data even if the ultimate concern of the researcher is inferential in nature, according to Trustin *et al* (2010: 522).

The statistical techniques for data analysis are briefly explained, together with the one chosen for this study, in the next section.

3.5.1 STATISTICAL TECHNIQUES

Certain statistical techniques which are used to analyse quantitative research (Blanche *et al*, 2006: 188) appears in the next section.

3.5.1.1 Descriptive Statistics

Descriptive analysis provides preliminary insights into the nature of the responses obtained as reflected in the distribution of the values for each variable of interest, helps to detect errors in the coding and data capturing process, provides a means of presenting data in a transparent manner with tables and graphs, provides a summary measure of typical or average responses as well as the extent of variation in response for a given variable, and provides an early opportunity for evaluating whether the distributional assumptions of the subsequent statistical test are likely to be satisfactory (Trustin *et al*, 2010: 523).

When large quantities of data have been gathered, there is a need to organise, summarise and extract the essential information contained within this data. These summaries allow a user to identify profile, patterns, relationships and trends within the data (Wegner, 2012: 7). Blaikie (2004: 258) adds that descriptive statistics are necessary to establish associations before one can begin to make an explanatory analysis. At the same time, patterns among variables can provide some understanding, even possible explanations of a social phenomenon and may facilitate making predictions about it.

The starting point in descriptive analysis is the construction of a frequency distribution which entails a construction of a table that shows absolute and relative terms (percentages) as well as how often the different values of the variable are encountered in the sample (Trustin *et al*, 2010: 523). Churchill *et al*, (2010: 425) mentions that it is always beneficial to include percentage along with the raw count for frequency of analysis in order to help readers interpret the results. However, rather than relying on frequency tables only to describe data, graphs can be used to represent data and making use of a bar chart or pie chart may be the best (Trustin *et al*, 2010: 529).

In this study tables and charts were used to illustrate patterns, relationships and associations of variables so as to provide some explanation and make inferences.

3.5.1.2 Inferential Statistics

Inferential analysis is used to generalise the results obtained from a random (probability) sample back to the population from which the sample was drawn. This analysis is only required when a sample is drawn by a random procedure and the response rate is very high (Blaikie, 2004: 158).

Inferential statistics is that area of statistics that allows managers to understand the population picture of a random variable based on the sample evidence (Wegner, 2012: 7).

The completed questionnaires translated as 58.97% of the population which made the inferences authentic as it was within the acceptable percentage range of a response rate when using a questionnaire (Sivo, Saunders, Chang & Jiang, 2006: 356).

3.5.1.3 Chi-square

The chi-squared test for independence of association is done to find out whether significant relationships exist between two variables. It measures by how much the observed frequencies and the expected frequency differ; if the difference is small, the null hypothesis is likely to be accepted. Conversely, a large difference is likely to result in the null hypothesis being rejected (Wegner 2012: 251-256). Bryman (2012: 348) states that the chi-squared test is applied to contingency tables and it allows the researcher to establish whether a relationship exists or can be found between two variables in the population.

In this study the chi-squared test was used to test the extent to which selected demographic variables determine the sustainability of SMMEs. At a 5% significance level, it could be concluded with 95% confidence that there is not sufficient evidence to reject the hypothesis. Thus it proved that no relationship can be found between selected demographic variables and SMMEs sustainability. P-value is covered in the next paragraph.

3.5.1.4 P-value

A p-value is a probability of how likely it is that observed sample statistics of null hypothesised population parameter values can be assumed to be true. The small p-value (closer to zero) indicates a low probability of observing the sample statistics if the null hypothesis were true thus providing strong evidence to reject the hypothesis, while a large p-value (closer to one) indicates high probability of observing the sample statistics, thus strong evidence to accept the hypothesis exists (Wegner, 2012: 207).

In this study, the p-value was used to test the extent to which selected demographic variables determine the sustainability of SMMEs. When the level of significance is specified as 5% and the p-value is 0.02, that is less than 0.05, the null hypothesis should be rejected; meaning that, at a 5% significance level, there is insufficient evidence that there is a significant relationship between

the selected demographic variables and SMME sustainability. If the p-value is 0.10, that is equal or greater than 0.05, the hypothesis is accepted, meaning that at a 5% significance level, there is sufficient evidence that a significant relationship between selected demographic variables and SMMEs sustainability can be found. In the next paragraph validity and reliability are discussed.

3.6 VALIDITY AND RELIABILITY OF A MEASURING INSTRUMENT

Reddy and Acharyulu (2011: 187) state that validity determines whether the research truly measures that which it was intended to measure or how truthful research results are. According to Dunn (2010: 184), reliability refers to the stability or consistence of a measure; the instrument is deemed reliable if it consistently provides the same answer, result or conclusion when measuring the same objects or construct on several occasions.

3.6.1 Validity

The relevant validities were face validity and construct validity when the pilot study was conducted. The respondents replied to issues they were familiar with (selected demographics like education, age, experience, consumer household income and consumer mobility), hence the face validity. On the other hand construct validity refers to the ability of the instrument to measure the construct that it is intended to measure (Creswell, Ebersohn, Eloff, & Ferreira, 2011: 217). Each item or question in the research instrument must have a logical link with an objective and the greater the link, the higher the face validity of the instrument (Kumar, 2014: 214).

The demographic variables selected for this study were directly linked with the sustainability of SMMEs and each of those variables had an impact on the SMMEs.

3.6.2 Reliability

The relevant reliability assessed was internal consistence reliability, using the Cronbach's alpha in assessing internal consistence. The internal consistence reliability refers to the dependability of a research instrument to measure a variable (Creswell *et al.*, 2011: 217). Items or questions measuring the same phenomenon, if they are reliable indicators, should produce similar results irrespective of their numbers which was 30 questions in an instrument (Kumar, 2014: 218).

The pilot study was conducted with ten respondents before the data collection began, to ensure that ambiguity of questions was eliminated. The correlation coefficient reliability score was 0.74,

meaning the thirty questionnaire questions produces appropriate and adequate data for necessary findings and inferences.

3.7 ETHICAL CONSIDERATION

Ethics is the sub-field of philosophy for determining what behaviours are deemed appropriate under certain circumstances as prescribed by codes of behaviour that are set by society (Burns & Bush, 2006: 63). According to Bryman (2012: 153), in connection with ethical issues, it must be ensured that:

- privacy of participants is not violated.
- participants are not deceived about the research.
- confidentiality of data related to the research is maintained.
- participation is voluntary.

In this study confidentiality and privacy of respondents was observed by not revealing information given; participants remained anonymous and no information was withheld or falsified. Honesty and integrity was demonstrated and participants' lives were not endangered as information could not be used against them. Participants were not forced to participate and were fully informed about their right to refuse to participate (Burns & Bush, 2006: 64-66).

3.7.1 Informed consent

An informed consent form is a form given to individuals before they participate in a study to inform them of the general nature of the study and obtain their consent to participate (Jackson, 2011: 54). The principle of informed consent requires that potential research participants have all relevant information before deciding whether or not to take part in the research study. The researcher informed the participants in advance about the purpose of the study, why information was sought, how they were expected to participate in the study and how it would directly or indirectly affect them. A contact number for further information was supplied. See a letter granted by Central University of Technology, Free State (Appendix C). Permission was then sought from the respondents and a consent form was signed voluntarily to participate in the research (Kumar, 2014: 285). See consent form sample as Appendix D.

3.7.2 Confidentiality

In this study participants were not asked to provide their names to ensure anonymity. No information about respondents was shared with other parties (Kumar, 2014: 286).

3.8 LIMITATIONS OF THE STUDY

The geographical coverage of the study was exclusively within the Matjhabeng area. The scope was not extended beyond the Matjhabeng municipality in Welkom because of limitations of the study as well as financial and time constraints. Nonetheless, conditions in the small, rural areas of the Free State Province and in the country in general, are not expected to vary much from what pertains in the Matjhabeng area. This makes it possible to extrapolate findings from the current study to the entire province and the country without compromising validity to any significant degree. In addition, the underlying performance factors considered in the study may not be exhaustive to explain the sustainability.

3.9 TRUSTWORTHINESS OF RESEARCH FINDINGS

According to Mustafa (2010: 157) the sampling error must be reduced to the minimum so that the results and conclusion are sufficiently representative of the whole population. This can be done by removing error of bias from the sample and enlarging the size of the sample.

In this study the outcome was that only 69 out of 117 of the respondents completed the questionnaire making the response rate 59%.which was an acceptable rate according to Sivo, Saunders, Chang and Jiang, (2006: 356). Microsoft Excel was used to do the statistical calculations for this research study.

3.10 SUMMARY AND CONCLUSION

This chapter presented the method of research used in this study, why this method was chosen and describes the process that was followed in terms of the research methodology, research design, population and sampling process, data collection strategies, data analysis statistical techniques, validity and reliability of a measuring instrument, ethical considerations, limitation of the study and trustworthiness of research findings.

ANALYSIS AND INTERPRETATION OF RESULTS

4.1 INTRODUCTION

The previous chapter focused on the methodology and research design employed in this study. In this chapter, results of the study with interpretations are presented. The main objective of the study is to investigate the impact of the selected demographic variables on the sustainability of SMMEs in selected communities of Matjhabeng municipality in Welkom. The relationship between demographic variables and SMME sustainability are often complex and not well understood. For that reason, the researcher only depicts and outlines what seem to be the most important connections or relationships. No attempt was made to determine the empirical magnitude of each of the interrelationships. Five demographic variables namely education level, age, work/business experience, household income and consumer mobility, were analysed with respect to their influence on the SMME sustainability.

To realise the main objective of this research study, the following hypotheses, converted into secondary objectives, were formulated:

4.2 THE LIST OF HYPOTHESES

- H_0 : There is a no significant relationship between Educational level and SMME sustainability.
- H_1 : There is a significant relationship between Educational level and SMME sustainability
- H_0 : There is a no significant relationship between age and SMME sustainability.
- H_2 : There is a significant relationship between age and SMME sustainability.
- H_0 : There is a no significant relationship between owner/manager's previous work/business experience and SMME sustainability.
- H_3 : There is a significant relationship between owner/manager's previous work/business experience and SMME sustainability.
- H_0 : There is a no significant relationship between customer's household income level and SMME sustainability.
- H_4 : There is a significant relationship between customer's household income level and SMME sustainability.

H_0 : There is a no significant relationship between consumer mobility of a selected community and SMME sustainability.

H_5 : There is a significant relationship between consumer mobility of a selected community and SMME sustainability.

4.3 SECONDARY OBJECTIVES

1. To understand the extent to which education level of owner/manager determines SMMEs sustainability.
2. To determine whether owner/manager's age exerts a positive and significant influence on business sustainability.
3. To find out whether previous work/business experience of the owner/manager plays a significant role in determining SMMEs sustainability.
4. To determine the extent at which general household income level of a selected community determines sustainability of SMMEs.
5. To establish whether consumer mobility of a selected community has an impact on the sustainability of SMMEs.

4.4 DESCRIPTIVE STATISTICS

Section A of the questionnaire focused on a summary of selected biographical characteristics of the respondents namely, age, gender, education level, business/work experience, as well as business characteristics, namely, form of business ownership, number of years the business has been in operation, business annual turnover and business sector. These were selected on the premise that they had been identified in literature as having influenced SMME survival and sustainability.

4.5 METHOD OF DELIVERING THE RESULTS

In an analysis of the results, Churchill, Brown and Suiter (2014: 55) state that the researcher should give out the plan and outline the type of data analysis including any specialised statistical techniques that were used. For the purpose of this study, reporting on each secondary objective is done by analysing the related research question, making use of the quantitative approach. The tool for soliciting responses was a semi-structured questionnaire on which descriptive and inferential statistics were used to interpret the results. A simple random sampling method was used to select respondents of the study and the targeted number was 117. According to Sivo,

Saunders, Chang and Jiang, (2006: 356) the accepted average response rate for selected research in which data is gathered using questionnaires, ranges from 22% to 59.4%.

4.6 SECTION A: BIOGRAPHICAL DATA OF RESPONDENTS

The relationship between SMME sustainability and variables such as gender, race, age, job title, education/qualification level, tenure and job level, is well documented in the literature (Chowdhury, Alam & Ifttekhar Arif 2013: 42). Table 4.1 (below) captures and summarises the descriptive findings regarding the following biographical data of respondents namely, gender, age group, educational level, work/business experience, number of years business has being operating, business turnover and business sector. The biographical profile of the sample population (n=69) is shown as frequencies and percentages.

Table 4.1: Summary of the biographical data of respondents and business characteristics

Demographic variables	N=69	Total sample = (%)
Gender		
Male	45	65
Female	24	35
Age		
Younger than 25 years	9	13
Between 25 and 34 years	6	9
Between 35 and 39 years	40	58
Between 40 and 44 years	5	7
Between 45 and 49 years	9	13
Between 50 and 54 years	0	0
55 and above years	0	0
Educational level		
Lower than matric/lower than Gr.12/lower than N3	7	10
Matric/Grade 12/N3 or equivalent	59	86
Post-school qualification (Diploma/degree/N4-N6 or equivalent)	3	4

Post-graduate qualification (Hons/Masters/Doctorate or equivalent)	0	0
Work/Business Experience		
Less than a year	0	0
From 1-5 years	5	7
From 6-10 years	57	83
From 11-20 years	1	1
Over 21 years	6	9
Business characteristics		
Form of business ownership		
Sole proprietorship	68	99
Partnership	1	1
Private Company	0	0
Public Company	0	0
Other	0	0
Number of years that the business has been in operation		
Less than a year	0	0
Between 1 and 7 years	48	70
Between 8 and 15 years	16	23
Between 16-23 years	5	7
24 and above years	0	0
Business annual turnover		
Less than R150000	60	87
R150000-R3,000,000	9	13
R3,000,000- R15,000,000	0	0
R15,000,000-R30,000,000	0	0
R30,000,000 or above	0	0
Business Sector		

Spaza-shops (grocery, fruits & vegetables)	55	80
Hair-making	1	1
Liquor	9	13
Butchery	4	6
Other	0	0

Table 4.1 shows that more males no = 45(65%) than females no = 24(35%) took part in this study. This finding is congruent with that of Boohene, Sheridan and kote (2008: 237), where it is indicated that generally, females are less likely to be owner/manager of businesses than males since they are reluctant to take a risk. The majority of the respondents were in the middle-age range (between 35 and 39 years), followed by the age ranges of (younger than 25 years and between 44 and 49 years) respectively. It is also evident from the findings that the most respondents no=59 (86%) were qualified with matric N3 or equivalent qualifications. Again majority of respondents no= 57(83%) have had reasonable work/business experience with the number of years between 6 and 10 years) of owning/managing the business, thus enabling them to answer the questions in an informed way. Tables 4.1 in addition depicts that more almost all 68(99%) of these businesses are in a form of sole proprietorship, with only one is in the form of partnership. Once more the table reveals that majority SMMEs no= 48(70%) had years (between 1 and 7) of been in operation. The same SMMEs majority of them no=60(87%) generate less than R150000 annual turnover and majority no=55(80%) been (spaza-shops, fruits & vegetables) followed the highest liquor outlets no=9(13%).

4.7 INFERENCE STATISTICS AND HYPOTHESES TESTING

This section presents inferential statistics that were performed in testing the different hypotheses of the study.

In order to perform various statistical analyses, total scores were computed for each dimension. In other words, a total of all dimensions were reduced to a single variable in the SPSS dataset. The individual item responses were originally captured as ranging from 1 (strongly disagree) to 5 (strongly agree). These were all recoded in the SPSS dataset, starting with zero as the lowest value. In other words, the recoded scores ranged between 0 (strongly disagree) and 4 (strongly agree).

The subsequent questions are research questions:

Research question 1: To what extent does the education level of the owner/manager determine SMME sustainability?

The main objective of the study was to investigate the impact of the selected demographic variables on the sustainability of SMMEs in selected communities of Matjhabeng in Welkom. One secondary objective of the study sought to understand the extent to which the education level of owner/manager determines SMMEs success. The results appear in Table 4.1 below.

Table 4.2: Respondents' educational levels

Educational levels of respondents	Frequency	percentage	Valid percentage	Cumulative percentage
Lower than matric/lower than Gr. 12/lower than N3	7	10	10.14	10.14
Matric/Grade 12/N3 or equivalent	59	86	85.51	95.65
Post-school qualification Diploma /degree/N4-N6 or equivalent	3	4	4.35	100
Post-graduate qualification Hons / Masters/Doctorate or equivalent	0	0	0	100
Total	69	100		

The findings in table 4.2 show that a large number of the sample population, n = 59 (i.e. 86%) of the respondents, had matric/grade 12/N3 or equivalent qualifications, followed by n=7 (i.e. 10%) of the respondents who had lower than matric/ Grade 12/ N3 followed by n=3 (i.e. 4%) of the respondents who had post-school qualifications, diploma /degree/N4-N6 or equivalent. The findings indicate that the majority of respondents who had matric were more than those who had lower than matric qualification and post school qualifications combined. The findings to some extent are in line with the study conducted by Islam, Khan, Obaidullah and Alam (2011: 292) who pointed out that from their study, 72% of successful owners/managers had a certain level of tertiary qualification, compared with 67% of unsuccessful owner/managers who did not have any tertiary background. A total of 96% respondents had no tertiary qualifications.

The following are the results of research question/hypothesis One stated below:

H_0 : There is a no significant relationship between Educational level and SMME

sustainability.

H_1 : There is a significant relationship between Educational level and SMME sustainability.

The p-value test was used to answer question 1. The p-value is used to reject or not reject the null hypothesis H_0 . If the p-value is less than 0.05 then the null hypothesis is rejected. In this case, our test indicated a p-value of 0.385415842, which is greater than the critical value ($p=0.05$) as indicated in Table 4.7. Hence the null hypothesis is accepted meaning there is no significant relationship between **educational level** and **business sustainability**. Therefore the question is not rejected. The findings indicated that majority of the respondents had matric as the qualification. This meant that SMME failure or success may not be attributed to any educational levels.

Research question 2: To what extent does age of owner/manager determine SMME success?

This secondary objective in section A sought to determine whether owner/manager’s age exerts a positive and significant influence on business success.

Table 4.3: Respondents' age level when they started owning/managing the business

Age levels of respondents when they started to own/manage a business	Frequency	Percentage	Valid Percentage	Cumulative Percentage
younger than 25 years	9	13	13.04	13.04
between 25 and 34 years	6	9	8.70	21.74
between 35 and 39 years	40	58	57.97	79.71
between 40 and 44 years	5	7	7.25	86.96
between 45 and 49 years	9	13	13.04	100
between 50 and 54 years	0	0	0	100
between 55 and older years	0	0	0	100
Total	69	100		

From the findings in table 4.3 indicate that the vast majority, a total $n = 40$ (i.e. 58%) of the respondents were aged between 35 and 39 years, followed by $n = 9$ (i.e.13%) of both under 25 years and 45-49 years respectively. $n = 6$ (9%) were between 25 and 34 years followed by $n = 5$ (i.e.7%) who were between 40 and 44 years. No respondents were between 50 and 54 years, or 55 years and older. The findings indicate that more respondents started to own/manage SMMEs between the ages of 35 and 39, which to some extent agrees with the other researchers like van

Aardt, van Aardt, Bezuidenhout and Mumba (2008: 11) who established that, while there are many entrepreneurs who started businesses at the age of sixty, the average age of entrepreneurs starting businesses is in their mid-thirties.

The following are the results of research question/hypothesis Two stated as follows;

H_0 : There is a no significant relationship between Age level and SMME sustainability.

H_2 : There is a significant relationship between Age level and SMME sustainability.

The p-value test used to answer question 2 yielded a p-value of 0.0217488756 as shown in Table 4.6, and if the p-value is less than 0.05, then the null hypothesis is rejected. In this case our test indicated a p-value which is indeed less than the critical value ($p=0.05$). Hence the null hypothesis is rejected (with a 5% probability of error) and it is accepted in the research hypothesis that a **significant relationship** exists between **age level** and SMME sustainability. The findings indicated that the majority of the respondents were between 35 and 39. This meant that the test finding agrees with the question that age has influence on business success.

Research question 3: To what extent does owner/manager's previous work/business experience determine SMME sustainability?

Another secondary objective in this section which sought to find out whether previous work/business experience of owner/manager plays a significant role in determining SMMEs sustainability.

Table 4.4: Respondents' experience in another occupation

Past experience of respondents in other occupation	Frequency	Percentage	Valid percentage	Cumulative percentage
Owners with experience in other occupation	49	71	71.01	71.01
Owners/managers with no experience in other occupation	20	29	28.99	100
Total	69	100		

Table 4.4 illustrates that $n = 49$ (i.e. 71%) of the respondents in this study had experience in another occupation before they became the owner/manager of SMMEs, while $n = 20$ (i.e. 29%) of the respondents had no experience in another occupation. The study agrees with Jan, Irshad and Nadeem (2013: 158) who found that entrepreneurs gain knowledge from different sources and that the sources may be informal as well as formal. An example can be the entrepreneur's personal experience and training, or friends or family who help the entrepreneur to choose the right opportunity in the marketplace.

The following are the results of research question/hypothesis Three stated as follows;

H_0 : There is a no significant relationship between owner/manager's previous work/business experience and SMME sustainability.

H_3 : There is a significant relationship between owner/manager's previous work/business experience and SMME sustainability

The p-value test used to answer question 3 yielded a p-value of 0.01098319, and if the p-value is less than 0.05 then the null hypothesis is rejected. In this case our test indicated a p-value which is indeed less than the critical value ($p=0.05$) as shown in Table 4.7. Hence the null hypothesis is rejected, confirming a **significant relationship** between **past work experience** as business owner/manager and SMME profitability and sustainability.

4.8 SECTION B: RETAIL ENVIRONMENTAL VARIABLES (HOUSEHOLD INCOME AND CONSUMER MOBILITY)

This section of questions deals with environmental variables: (i) the general household income and (ii) consumer mobility.

Research Question 4: To what extent does the general income level of a selected community determine SMME sustainability?

One secondary objective of this section sought to determine the extent to which general household income level of a selected community determines sustainability of SMMEs.

Table 4.5: Respondents' indication of their customer household income level

Household income level	Frequency	Percentage	Valid percentage	Cumulative percentage
High income	2	3	2.90	2.90
Middle income	22	32	31.88	34.78
Low-income	44	64	63.77	98.55
Not-sure	1	1	1.45	100
Total	69	100		

Table 4.5 indicates that no = 44 (i.e. 64%) of respondents indicated that their customer household income fell in the low income level followed by n = 22(i.e. 32%) of the respondents who indicated that their customer household income was in the middle income level followed by n = 2 (i.e. 3%) of the respondents who indicated that their customers' income was in the high income level and n = 1 (i.e. 1%) respondent was not sure about his/her customers' household income level. This means that SMMEs in this area may not be able to survive much longer. Cant (2005: 15) warned that SMME owners need to be aware of the average household income of the majority of their consumers in order to know if the majority of households will have the purchasing power to create a market. Current buying patterns and personal savings trends will influence the manner in which consumers spend their money. Therefore, it is important that businesses determine the average income of the household.

The following are the results of research question/hypothesis Four stated as follows;

H_0 : There is a no significant relationship between customer's household income level and SMME sustainability.

H_4 : There is a significant relationship between customer's household income level and SMME sustainability

The p-value test was used to answer question 4 in order to decide whether or not to reject the null hypothesis. If the p-value is less than 0.05 then the null hypothesis is rejected. In this case our test indicated a p-value = 0.64529321 which is greater than the critical value ($p=0.05$) as reflected in Table 4.6. Hence the null hypothesis is accepted, indicating **no significant relationship** between **general customer's household income** and SMME sustainability.

Research Question 5: To establish what effect consumer mobility of a selected community has on the sustainability of SMMEs.

This question sought to find out whether there was movement in the population and its impact on the sustainability of SMMEs.

Table 4.6: Changes in population movement

Numerical changes in population movement	Frequency	Percentage	Valid percentage	Cumulative percentage
Between -1 and 0	12	17	17	17
Between 0 and 2	56	81	81	98
Between 2 and 2.2	1	2	2	100
Total	69	100		

Table 4.6 depicts that the majority of respondents $n = 56$ (i.e. 81%) of the total sample indicated that there was an increase in the population from 0 to 2% followed by $n = 12$ (i.e. 17%) of respondents who indicated increased of population from -1% to 0% while $n = 1$ (i.e. 2%) of respondents indicated growth between 2% to 2.2% per cent. Looking at these numbers, the implication is that there had been an increase of population in general. Dunne and Lusch (2008: 4) agree and add that most people in the world are increasingly moving from rural areas to cities, and this affects the business sector.

The following are the results of hypothesis/research question Five stated as follows;

H_0 : There is a no significant relationship between consumer mobility of a selected community and SMME sustainability.

H_5 : There is a significant relationship between consumer mobility of a selected community and SMME sustainability

In question 5, our test showed a p-value of 0.055909504 which is quite marginal, almost equal to the critical value ($p=0.05$) and therefore we do not reject the null hypothesis. Hence null hypothesis is accepted and there is a **no significant** relationship between **consumer mobility** and SMME sustainability as indicated in Table 4.6. This meant that the test findings indicated that consumer mobility of a selected community have no effect on the sustainability of SMMEs. The majority of respondents indicated that there was an increase in the population.

4.9 SECTION C: SELECTED DEMOGRAPHIC VARIABLES

The next sections present and discuss the results of the relationships between firm size, market orientation, learning orientation, age, gender, experience and level of education on the one hand and different dimensions of innovation on the other hand. The conclusions are based on information sourced from structured and open-ended questions in the questionnaire which are revealed in the tables below.

Question: How long have you owned/managed/supervised this business? ___ years.

Question 6 in section A of the questionnaire sought to gain an insight into whether the number of years the respondents had owned/managed/supervised their business determined the business' sustainability.

Table 4.7: Number of year's respondents owning/managing/supervising a specific business

Years of owning/managing a specific business	Frequency	Percentage	Valid percentage	Cumulative percentage
Between 1 – 11 years	60	87	87	87
Between 12 – 22 years	7	10	10	97
Between 23 – 34 years	2	3	3	100
Total	69	100		

Table 4.7 indicates that the majority $n = 60$ (i.e. 87%) of respondents had between 1 - 11 years of owning/managing/supervising their businesses, followed by $n = 6$ (i.e. 10%) who had between 12 - 22 years of owning/managing/supervising their businesses and lastly followed by $n = 2$ (i.e. 3%) who had 34 years of owning/managing their businesses. Perelman (2008: 42) states that experience is a key factor as a large number of U.S. business founders have worked in business for many years so they understand it.

Question: How long have you owned/managed/supervised business in general ____?

Question 7 in section A of the questionnaire sought to establish whether the number of years respondents had in owning or managing businesses in general could lead to sustainability of their businesses.

Table 4.8: Number of years respondents owning/managing/supervising business in general

Year of owning/ managing other business	Frequency	Percentage	Valid percentage	Cumulative percentage
Between 1 – 6 years	51	74	74	74
Between 7 – 13 years	12	17	17	91
Between 14 – 20 years	6	9	9	100
Total	69	100		

Table 4.8 points out that the majority (n=51 i.e. 74%) of respondents had owned/managed/supervised businesses for at least 6 years followed by n=11 (i.e. 17%) of the respondents who owned/managed/supervised businesses for between 7 - 13 years, followed by n=6 (i.e. 9%) who had 14 - 20 years of owning/managing/supervising their businesses. In their study Islam *et al*, (2011: 193) found that the length of time in operation was significantly linked to business success.

Question: Has anybody from your family owned/managed/supervised a business before?

Question 11 in section A of the questionnaire wanted to find out the respondents' family background on business and whether it had an influence on their current business sustainability.

Table 4.9: Anybody from respondents' family who owned/managed supervised a business before

Any family member who owned /managed a business before	Frequency	Percentage	Valid percentage	Cumulative percentage
Yes family member	25	36	36	36
No family member	44	64	64	100
Total	69	100		

Table 4.9 illustrates that the majority n = 44 (i.e. 64%) of the respondents had family members who owned/managed a business before and n = 25 (i.e. 36%) had no family members who owned/managed businesses before. In their study Islam *et al*, (2011: 193) found that entrepreneurs in successful businesses were more likely to have been raised by entrepreneurial parents and have had a broader business experience prior to starting up their own businesses.

Question: How long has this business been operating? ____ years.

Question 4 in section B of the questionnaire sought to determine the number of years that the business had operated and if that could determine its sustainability.

Table 4.10: Number of years that respondents business has been in operation

Total number of years that business has been in operation	Frequency	Percentage	Valid percentage	Cumulative percentage
Between 1 – 7 years	48	70	70	70
Between 8 – 15 years	16	23	23	93
Between 16 – 23 years	5	7	7	100
24 years and more	0	0	0	
Total	69	100		

Table 4.10 indicates that the majority $n = 48$ (i.e. 70%) of respondents' businesses had been in operation between 1 - 7 years. A total of 23% (i.e. $n = 16$) came second with 8 – 15 years. Finally, $n = 5$ (7%) of the respondents' businesses had been 16 – 23 years in operation. Bruwer and Watkins (2010: 3550) claim that SMMEs in South Africa have an overall failure rate of between 70 and 80% within the first 5 years of their existence.

Question: How many employees did you have when the business started? ___

Question 5 and 6 in section B of the questionnaire sought to find the number of employees that respondents had when they started their business and the number of employees respondents have currently. The intention was to compare whether there was an increase or decrease in number of employees and if that could indicate whether the businesses were still sustainable.

Table 4.11: Number of employees when business was started

The number of employees when the business was started	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Between 1 - 5	61	88	88	88
Between 6 - 10	6	9	9	97
Between 11 - 15	2	3	3	100
Total	69	100		

Question: How many employees are there currently in the business?

Table 4.12: Number of employees that respondents have currently

The number of employees that the respondents have currently	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Between 1 - 2	48	70	70	70
Between 3 - 5	11	16	16	86
Between 6 - 8	10	14	14	100
Total	69	100		

Table 4.12 indicates that the majority $n = 48$ (i.e. 70%) of respondents have 1 to 2 employees in their employment, followed by $n = 11$ (i.e. 16%) of the respondents who have 3 - 5 employees in their employment, and then $n = 10$ (i.e. 14%) of the respondents who have 6 - 8 employees in their employment. Bernstein and McCarthy (2009: 14) claim that in Welkom more than 10 per cent more businesses close than open and most of them are small size retail enterprises employing an average of five employees.

Question: How would you describe the area in which you operate?

Question 3 in section C of the questionnaire sought to establish whether the type of area in which the respondents' businesses operate could lead to business sustainability.

Table 4.13: Area description of respondents' customers

Description of area of respondents' customers	Frequency	Percentage	Valid percentage	Cumulative percentage
Urban	12	17	17	17
Suburban	56	81	81	98
Rural	1	2	2	100
Total	69	100		

Table 4.13 denotes that the majority $n = 56$ (i.e. 81%) of the respondents cited that their businesses operated in suburban areas followed by $n = 12$ (i.e. 17%) of the respondents who mentioned that their businesses operated in urban areas and only $n = 1$ (i.e. 2%) of the respondents revealing that their businesses operated in rural areas. Tustin and Strydom (2006: 48) assert that the new dispensation in South African politics has afforded many low-income

African consumers the opportunity to progress into the middle-income group and this has sparked a trend in which Africans trade township life for urban living. This shift in economic and demographic boundaries has benefited formal businesses in urban areas. This means that there are more retail SMMEs operating in suburban areas, fewer in urban and least in rural areas.

Question: Approximately what percentage of your customers own/rent vehicles (cars, trucks, bakkies, etc...)?

Question 6 in section C of the questionnaire sought to establish the percentage of SMMEs customers who owned/rented vehicles (cars, trucks etc.) to determine this effect on the sustainability of business.

Table 4.14: Percentage of respondents whose customers owned/ rented cars, trucks, etc.

Percentage of the respondents' customers owning/renting cars, trucks	Frequency	Percentage	Valid percentage	Cumulative percentage
0.3	48	70	70	70
0.6	13	19	19	89
1	8	11	11	100
Total	69	100		

Table 4.14 indicates that the majority $n = 48$ (i.e. 70%) of respondents said that 0.3 % their customers were owning/renting vehicles (cars, trucks etc), followed by $n = 13$ (i.e. 19%) of the respondents who emphasised that 0.6% of their customers were owning/renting vehicle (cars, trucks etc.), followed by $n = 8$ (i.e. 11%) of the respondents who pointed out that 1% of their customers were owning/renting vehicle (cars, trucks etc.). This finding were not considered by the researcher as they were deemed not adding value the study.

Question: Approximately what percentages of your customers live in debt?

Question 7 in section C of the questionnaire sought to establish the percentage of SMMEs customers living in debt, to determine the impact of this on business sustainability.

Table 4.15: Percentage of respondents whose customers were living in debt

Percentage of the respondents' customers living in debt	Frequency	Percentage	Valid percentage	Cumulative percentage
Between 0 - 0.3	52	76	76	76
Between 0.4 - 0.6	8	11	11	87
Between 0.7 - 1	9	13	13	100
Total	69	100		

Table 4.15 indicates that $n = 52$ (i.e. 76%) of the respondents alluded to the fact that 0.3% of customers were living in debt, followed by $n = 8$ (i.e. 11%) of the respondents who highlighted that 0.6% of their customers were living in debt and $n = 9$ (i.e. 13%) of the respondents revealed that 1% of their customer were living in debt. This finding were also not considered by the researcher as they were deemed not adding value to the study because respondents would not be able to determine whether their customers are in debts. According to Cecchetti, Mohanty and Zampolli (2011: 34) a customer who has more debts spend less and the one with less debts spend more.

Question: Approximately what percentages of your customers are unemployed?

Question 8 in section C of the questionnaire sought to understand the percentage of unemployed customers as to determine its impact on business sustainability.

Table 4.16: Percentage of respondents' customers who are unemployed

Percentage of the respondents' customers who are unemployed	Frequency	Percentage	Valid percentage	Cumulative percentage
Between 0 - 0.3	15	21	21	21
Between 0.4 - 0.6	8	11	11	32
Between 0.7 – 1	47	68	68	100
Total	69	100		

Table 4.16 indicates that the majority $n = 47$ (i.e. 68%) of the respondents pointed out that 1% of their customers were unemployed followed by $n = 15$ (i.e. 21%) of the respondents which indicated that only 0.3% of their customers were unemployed and followed by $n = 8$ (i.e. 11%) of the respondents which pointed out that 0.6 % of their customers were unemployed. Sustainability matters in this study because in South Africa a range of paradoxes exists where there is a more affluent society, yet there is a growing underclass of poor people who are long-term unemployed

and cannot be regarded as conventional consumers according to (Fernie, Fernie & Moore, 2004: 1).

4.10 SUMMARY OF THE RESULTS

The results shown in Table 4.17 do not provide support for three of the proposed five hypotheses. The first postulated hypothesis was the relationship between respondents' educational qualification and SMME sustainability. There is no consistency with hypothesis (H₁) the results indicate that the respondents' educational qualification are not associated with the general SMME survival in the Matjhabeng. Association of household income (H₄) as well as consumer mobility (H₅) with the SMME sustainability was not confirmed. However, consistency with hypotheses (H₂) and (H₃) is revealed as results respectively indicate that the respondents' age and their previous work/business experience correlates with the SMME sustainability

Table 4.17 Summary of significance level for each hypothesis

List of hypotheses	Accepted or rejected	Sig.
H ₀ : There is a no significant relationship between educational qualification and SMME sustainability	Accepted	0.3854
H ₁ : There is a significant relationship between educational qualification and SMME Sustainability		
H ₀ : There is a no significant relationship between age level and SMME profitability and sustainability.	Rejected	0.0217
H ₂ : There is a significant relationship between age level and SMME sustainability		
H ₀ : There is no significant relationship between past work experience as business owner/manager and SMME sustainability.	Rejected	0.0109
H ₃ : There is a significant relationship between past work experience as business owner/manager and SMME sustainability		
H ₀ : There is no significant relationship between customer's household income level and SMME sustainability.	Accepted	0.6452
H ₄ : There is a significant relationship between customer's household income level and SMME sustainability		
H ₀ : There is no significant relationship between consumer mobility and SMME sustainability	Accepted	0.0559
H ₅ : There is a significant relationship between consumer mobility and SMME sustainability		

* Statistically significant correlation (p = 0.05)

4.11 SUMMARY AND CONCLUSION

This chapter reported on the research results of a survey questionnaire that was semi-structured and self-developed. The descriptive and informal inferential statistics were used to analyse the data. The analysis started first by looking at the demographic data where the percentage tables were used to interpret results and the statistical measures of central tendency. Tables were used to report the results on personal demographic variables and SMMEs sustainability in Matjhabeng, Welkom.

Despite the fact that literature in chapter two showed a relationship between selected demographic variables on the sustainability of SMMEs, educational level of owners/managers of enterprises in this study indicated non-existence of such relationship between these variables in Matjhabeng, Welkom in the Free State Province of South Africa. These findings suggest that further study with much bigger sample size should be conducted on these variables.

Regarding owners/managers 'age and previous work/business experience, the findings of this study showed that there a definite and positive relationship between these variables and business success, meaning it was imperative for the success of SMMEs in Matjhabeng, Welkom. In respect of general household income of consumers and consumer mobility, this study showed that there is no relationship between these variables and the sustainability of SMMEs in Welkom in Free State province of South Africa.

This chapter explored all the research questions and systematically and logically responded to all their related objectives. All the findings of this chapter and related literature (chapter 2) led to the conclusions of the study and recommendations that were dealt with in the next and last chapter.

CHAPTER 5

THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This study has focused on the impact of selected demographic variables, namely, education, age, experience, and household income level and consumer mobility, on the sustainability of SMMEs in selected Matjhabeng communities in Welkom. The responses on these selected demographics are outlined in this chapter. According to Islam *et al.* (2011: 291) demographic factors do have considerable impact on entrepreneurial intention and SMMEs success.

5.2 FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Table 4.2 in (Chapter 4 section A) showed that a large sample population (96%) of the respondents had matric/grade 12/N3 or equivalent and lower qualifications. The findings indicate that the majority of respondents had no tertiary qualifications only 3 (4%) had tertiary qualifications. With the test of p-value of $0,385415842 > 0.05$, harmony with the research question that sought to determine the extent of educational level of the owner/manager on the SMME success relationship could be found between educational level of owner/manager and SMME success.

5.2.1 Recommendations on the extent to which education levels of owner/manager determines SMMEs success

The findings of the study revealed interesting results, contrary to documented evidence; no correlation was reported between SMME success and the following variable, education. Based on the literature and the empirical findings of the study, these two conflicting outcomes bring in a considerable the research gap that can be exploited in exploring more in order to assist in the regarding this matter. The findings of the current study may put owners/managers of small businesses in the state uncertainty as to which information to employ towards the success of their businesses. However, the same finding may also provide an opportunity for the researches to carry out further investigations as to add to the current body of knowledge.

Table 4.3 in (Chapter 4 section A) indicated that the large majority, a total of 40 (58%) of the respondents were aged between 35 and 39 years. The findings indicated that more respondents started to own/manage SMMEs in their middle years, reflecting a reasonable level of personal maturity. With the p-value of $< 0,05$, the 0.0217488756 analysis indicated that a relationship exists between the ages of the owner/manager and the success of the SMME.

These findings led the researcher to the conclusion that with a majority of managers/owners being between 35 and 39 of age, this is when more people start to own or manage their own enterprises.

5.2.2 Recommendation regarding the extent to which the age of owner/manager determines SMME success

The researcher is convinced that the older the person becomes the wiser he/she gets. With increasing age, people are prepared and equipped beforehand in owning/managing of the SMMEs. Various business stakeholders can count on owners/managers of SMMEs who are older, particularly whose age ranges between 35 and 39 for business trading.

Table 4.4 in (Chapter 4 section A) illustrated that 49 (71%) of the respondents in the study had experience in other occupations before they became owners/managers of SMMEs. The findings indicated that most respondents had previous work/business experience before owning/managing their current SMMEs. The test showed a p-value of 0.01098319, that is less than 0.05. We therefore reject the null hypothesis. On the question of whether the owners/manager's previous work/business experience determines the SMME sustainability, the test findings indicate that relationship exists between previous experiences with SMME sustainability.

5.2.3 Recommendation on the extent to which owner/manager's previous work/business experience determines SMMEs sustainability.

Given this finding, the researcher can recommend that any upcoming business entrepreneur should focus on the area in which he/she has acquired work/business experience to increase the prospects of success. For example, a mechanic or electrician would usually pursue a business related to their previous work experience, hence their success. Managing or running a family business would give valuable experience.

Table 4.5, Chapter 4 section B, indicated that a majority (64%) of respondents reported that their customers were in the low income level bracket. The test showed a p-value of 0.064529321 which is greater than 0.05. We therefore do not reject the null hypothesis. The findings indicated that the majority of the respondents' customers' general income level determines the sustainability of SMMEs. It is therefore concluded based on the findings above that general household income level of a selected community determines the sustainability of the SMMEs as disposable income of a selected community dictates the kind of products needed. Consumers will only buy products that are affordable regardless of quality.

5.2.4 Recommendation regarding the extent to which general income level of a selected community determines SMMEs sustainability.

This study recommends that owner/managers of SMMEs should annually do proper market research on the selected community to establish the living standards of the consumer or their general income level, so that owner/managers of SMMEs conceptualise some innovations in respect of their products to alter or improve them to meet the needs of their customers.

Table 4.6, Chapter 4, section B, depicted that the majority of respondents (81%) of the total sample indicated that there was an increase of the population from 0 to 2%. The test showed a p-value of 0.055909504 which means it is greater than 0.05. We therefore do not reject the null hypothesis. The findings indicated that the majority of the respondents indicated that there was mobility of consumers in the selected communities.

5.2.5 Recommendation about consumer mobility of a selected community in relation to the sustainability of SMMEs.

The consumer mobility of the selected community have no effect on sustainability of SMMEs, even though the literature revealed that there is a relationship between consumer mobility and sustainability of the SMMEs, it is therefore recommended that further study should be undertaken as to help owner/manager to make an informed decisions about the business regarding this phenomenon.

5.3 CONCLUDING REMARKS

This study has possibly valuable information for SMME owner/managers in the selected area. The literature study included information about the selected demographics to consider in relation to the success of SMMEs. There was consensus, more or less through the literature study that for the SMMEs to be successful or sustainable they should consider indicated variables. However, with the empirical there was mixed findings as some agreed with literature and others disagreed.

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Appendix A

TABLE OF RANDOM NUMBERS

117 Random Numbers

020 105 115 056 029 023 010 051 044 095 028 083 096 087 114 004 037 085
089 110 015 003 070 030 075 002 106 082 036 057 058 054 065 032 016 100
013 011 047 055 062 043 099 117 081 040 045 092 039 049 080 104 034 064
035 005 066 116 113 060 018 025 093 088 102 041 074 052 107 111 067 112
008 026 073 094 091 038 053 069 050 048 084 019 001 077 012 076 086 071
101 042 103 033 097 024 031 072 021 009 022 078 027 063 108 090 098 006
079 017 061 014 068 109 007 046 059

Appendix B

QUESTIONNAIRE

Please fill in the following questionnaire that is part of a study on the impact of selected demographic variables on the sustainability of the small, medium and micro enterprises (SMMEs) in selected communities of Matjhabeng in Welkom.

Personal data (Biographical variables)

SECTION A

For questions 1 – 5, please mark the appropriate box with X.

1. What is your gender

Male	<input type="checkbox"/>
Female	<input type="checkbox"/>

2. Please indicate your highest level of academic qualification

Lower than matric/lower than Grade 12/lower than N3	1
Matric/Grade 12/N3 or equivalent	2
Post-school qualification (Diploma/degree/N4-N6 or equivalent)	3
Post-graduate qualification (Honours/Masters/MTech/PhD/DTech or equivalent)	4

3. How strongly do you agree or disagree with the following statement: My qualification prepared me to manage/supervise the business better.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	2	3	4	5

4. How old are you?

Under 25 years	1
Between 25 and 34 years	2

Between 35 and 39 years	3
Between 40 and 44 years	4
Between 45 and 49 years	5
Between 50 and 54 years	6
55 and older	7

5. How old were you when you started to own/manage/supervise this business?

Under 25 years	1
Between 25 and 34 years	2
Between 35 and 39 years	3
Between 40 and 44 years	4
Between 45 and 49 years	5
Between 50 and 54 years	6
55 and older	7

Please answer the following questions and mark the appropriate box with X.

6. What skills do you possess that make you successful in your present position?

7. How long have you owned/managed/supervised this business? _____ years

8. How long have you owned/managed/supervised businesses in general ___ years?

9. How many businesses do you currently own (and manage/supervise)? _____

10. How many businesses belonging to someone else did you currently manage/supervise?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

11. Did you have experience in other occupations that assisted you in advancing to your present position?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

If yes, how long?

Less than a year	<input type="checkbox"/>
------------------	--------------------------

From 1-5 years	
From 6 -10 years	
From 11-20	
From 21 year and above	

12. Has anybody from your family owned/managed/supervised a business before?

Yes	
No	

Questionnaire research data

SECTION B

For questions 1 – 3, please mark the appropriate box with X.

1. Which sector does your business operate in?

Spaza-shops (grocery, fruits & vegetables)	1
Hair-making	2
Liquor	3
Butcheries	4
Other (please specify)	5

2. Which of the following titles describe your role in the business?

Owner	1
Manager/Supervisor	2
Other (please specify)	3

3. What is the form of this business?

Sole proprietorship	1
Partnership	2
Private company	3
Public company	4

Please answer the following questions and mark the appropriate box with X.

4. How long has this business been operating?

Less than a year old	
Between 1 and 7 years	
Between 8 and 15 years	
Between 16 and 23 years	
24 and above years	

5. How many employees did you have when the business started? _____

6. How many employees are there currently in the business? _____

7. What is the approximate annual turnover of the business?

Less than R150000	
R150000 - R3,000, 000	
R3,000,000 - R15,000,000	
R15,000,000 - R30,000,000	
R30,000,000 or more	

Questionnaire research questions

SECTION C

For questions 1 – 5, please mark the appropriate box with X.

1. What category best describes the economic status of the market in which you operate?

High income	1
Middle income	2
Low income	3
Not sure	4

2. On average, what is the highest level of education received by your customers?

Lower than matric/Gr. 12/N3	1
Matric/Gr. 12/N3 or equivalent	2
Post-school qualification (Diploma/degree/N4-N6 or equivalent)	3
Post-graduate qualification (Honours/Masters/MTech/PhD/DTech or equivalent)	4

3 How would you describe the area in which you operate?

Urban	1
Suburban	2
Rural	3

4 What are the key retail industry trends that influence business success/decline?

Population growth	1
An increase in disposable income / Economic growth	2
Higher consumer confidence	3

5 How would you describe the market you operate in?

Many competitors with fixed prices	1
Few competitors that are highly competitive	2
Few competitors with variable prices	3
Not sure	4

For questions 6 – 8, answer with a percentage or write down “not sure”:

6 Approximately what percentage of your customers own/rent vehicles (like cars, trucks, bakkies etc.)? _____

7 Approximately what percentage of your customers lives on debt? _____

8 Approximately what percentage of your customers is unemployed? _____

Please answer the following questions and mark the appropriate box with X.

9 Do you know of external influences of your market (e.g. mines closing down)?

Yes	<input type="checkbox"/>
-----	--------------------------

No	
----	--

10. If yes then what are these influences? _____

11. Has the population decreased or increased in this area? _____

Thank you for your co-operation in completing this questionnaire!

Appendix C

PERMISSION LETTER

Central University of Technology, Free State

PO Box 1881

Motse-Thabong

WELKOM

9460

15 September 2014

Dear Sir/Madam

REQUEST FOR PERMISSION TO CONDUCT RESEARCH STUDY

This letter serves as an application to conduct a research study for Master of management in marketing management. The student is a junior lecturer at Central University of Technology (CUT) Free State within the Department of Business Management and is also a registered student for business management under the supervision of Prof Naong. The research topic is "Impact of selected demographic variables on the sustainability of the SMMES in selected communities Matjhabeng, Welkom. Permission was granted to proceed with this intended topic by CUT's Central Research Committee.

Your positive consideration to conduct the intended research study at your institution will be highly appreciated.

Yours Sincerely

.....

RESEACHER

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Sciences
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.....

SUPERVISOR

Prof MN Naong
Faculty of Management
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Appendix D

INFORMED CONSENT FORM

You, _____, are being asked to participate in a research project titled: Impact of selected demographic variables on the sustainability of the small, medium and micro enterprises (SMMEs) in selected communities of Matjhabeng in Welkom.

This project is being conducted under the supervision of Prof Naong and was approved by the Central Research Committee of Central University of Technology on 11-12-2013.

The investigators hope to investigate the impact of the selected demographic variables on the sustainability of SMMEs in selected communities of Matjhabeng in Welkom for this project.

While participating in this study, you will be asked to complete a questionnaire within seven days.

The nature of this study has been explained by the researcher Mr Kaizer Julius Makhoali to the participant.

The researchers will make every effort to safeguard the confidentiality of the information that you provide. Any information obtained from this study that can be identified with you will remain confidential and will not be given to anyone without your permission.

If at any time you would like additional information about this project, you can contact Mr Kaizer Makhoali at +27579103577.

You have the right to refuse to participate in this study. If you do agree to participate, you have the right to change your mind at any time and stop your participation. This will not be negatively affected by your refusal to participate or by your withdrawal from this project. Your signature below indicates that you have given your informed consent to participate in the above-described project. Your signature also indicates that:

- _____ You have been given the opportunity to ask any and all questions about the described project and your participation and all of your questions have been answered to your satisfaction.
- _____ You have been permitted to read this document and you have been given a signed copy of it.
- _____ You are at least 18 years old
- _____ You are legally able to provide consent.

➤ _____ To the best of your knowledge and belief, you have no physical or mental illness or weakness that would be adversely affected by your participation in the described project.

Signature of Participant

Date

Signature of Witness

Date