

**RECORDS MANAGEMENT PRACTICES OF HAIR SALONS IN DR.
RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY**

by

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DECLARATION

I Lentswe Donald Mosweunyane, student number 206057016, do hereby declare that this research paper submitted to the Central University of Technology, Free State for the MTECH: Business Administration is my own independent work and has not previously been submitted by me at another university. I furthermore cede copyright of the dissertation in favour of the Central University of Technology, Free state.

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Lentswe Donald Mosweunyane

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ABSTRACT

This study was necessitated by the fact that being labour intensive, hair salons provide partial solution to South Africa's high unemployment, poverty and inequality problems hence need to be supported so that they can grow and continue performing their expected labour absorption role. Dr. Ruth Segomotsi Mompoti district municipality in the North West Province of South Africa is a socio economically depressed area that depends on hair salons for employment. The prosperity of hair salons is therefore critical to the well-being of the inhabitants of the area. Unfortunately, proliferation of hair salon business in Dr. Ruth Segomotsi Mompoti district municipality since the dawn of democracy in South Africa has created fierce competition for customers leading to lack of profitability and hair salons failures.

While many reasons can account for business failure in the face of intense competitive environment, there is consensus from the literature that in the current information economy, appropriate management of records allows for quick access to reliable information and this is key to business success. In fact, resource-based view (RBV) of the firm suggests that a company's quick access to reliable information that is contained in its resources allows that firm to gain sustainable competitive advantage that allows for superior performance. This calls for proper management of a company's records. Accordingly, it is crucial that managers/owners of hair salons recognise the importance of good records management in their businesses in order to continuously have timely access to accurate information.

Unfortunately, the researcher has informally observed a disturbing trend among some hair salons in Dr Ruth Mompoti local municipality that flies in the face of what can be termed good records management. An informal visit to some of the salons in the region revealed an apparent laxity with which transactions were recorded. Worst still, Informal conversations with a few hair salons operators seem to suggests that records

management may be a problem among hair salons as some even see it as more a liability than asset. This suggests that hair salons in Dr. Ruth Segomotsi Mompoti district municipality might not be taking records management seriously. The question then is, how wide spread is this negative attitude towards records keeping in Dr Ruth Mompoti local municipality? Or could this be the general sentiment in the hair salon industry as a whole?

The purpose of this study was to assess the status of records management among hair salons in Dr. Ruth Segomotsi Mompoti District Municipality.

The key finding of this study is that most hair salons in Dr. Ruth Segomotsi Mompoti district municipality do practice records management to a certain extent. However, there are certain records that hair salons in the area regard as of no importance and therefore are neglected. The study also revealed that those hair salons that engage in good records management outperform those that do not. The study further revealed that most of the salons keep paper records although they would prefer electronic format. Lack of access to computers was cited as the greatest problem in keeping electronic records. Details of the study including findings, conclusions and recommendations are presented and discussed in the main report.

CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION

This chapter serves as introduction to this study that examined records management practices of hair salons in Dr Ruth Segomotsi Mompoti District Municipality in the North West province of South Africa. The chapter consists of sections on the socio-economic outlook and the hair salon environment in the municipality, overview of small business and entrepreneurship, the problem statement, the specific research questions, objectives, summaries of the theoretical framework and methodology applied, importance of the study and lastly, a chapter summary.

1.1.1 THE SOCIO-ECONOMIC OUTLOOK OF DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

Dr Ruth Segomotsi Mompoti District Municipality is part of the North West Province of South Africa. It consists of six local municipalities namely: Naledi; Greater Taung; Kagisano; Schwetzer-Reneke; Lekwa-Temane; and Molopo. Table 1 below shows the population distribution of the local municipalities of the area.

Table 1.1: Local municipalities in Dr. Ruth Segomotsi Mompoti district

Local municipality	Population	%
Greater Taung	182 167	41.44%
Naledi	58 106	13.22%
Mamusa	48 366	11.00%
Lekwa-Temane	42 967	9.77%
Kagisano-Molopo	108,071	24.58%

(Source: Wikipedia, 2012)



Figure 1.1: Dr Ruth S. Mompoti District MUNICIPALITY

Source: (The Local government Handbook, 2012)

Although the most recent available comprehensive demographic data dates back to 2002, it gives some idea of the demographic realities of this region. According to Town Planners (2002) as cited by Amoakoh (2012:15), the region's population slightly exceeds 500 000 with about 51% being females; there are over 470 villages and towns covering an area of about 250 km radius; the population is almost evenly distributed with females making about 51%; around 43% of the inhabitants are economically active; the population is dominated by Blacks who represent over 90%, followed by whites who form 6,9%, coloureds account for 1,3% and Asians form only 0,3%.

K2M Consortium (2004) in Amoakoh (2012:15) states that Dr Ruth Segomotsi Mompoti District Municipality has a very high unemployment rate ranging between 80% for Greater Taung and 25% for Naledi. Based on the forgone figures, Amoakoh (2012) then concluded that Dr Ruth Segomotsi Mompoti District Municipality could be described as socio-economically depressed.

1.1.2 OVERVIEW OF THE HAIR SALON ENVIRONMENT IN DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

In a most recent study of hair salons in Dr Ruth Segomotsi Mompoti District Municipality, Amoakoh (2012:16) made the following important findings:

- There is a proliferation of the hair salon business in the area and this has led to intense competition for customers;
- Hair salons are the dominant economic activity in the area for Blacks who constitute the vast majority (over 90%) of the population.
- Hair salon operation is labour intensive with relatively inexpensive set up cost and this is the main reason for blacks flocking to hair salon business;
- Survival, profitability and growth are the major problems for hair salons in the area.

A study tour of the area by the current researcher shows that these findings are still valid in 2013. For example, informal conversations with salon operators reveal that the establishment and operations of hair salons in this municipality has been on the rise since democratisation in 1994. Salon operators also said that the hair saloon business is labour intensive and requires only very little initial capital outlay. However, they also said that hair salons tend not to grow or expand. Instead, many salons disappear soon after their establishment. Hair salons in the area therefore exhibit low survival rates and low profitability and growth which are common phenomena of small businesses of which hair salons are part of. This leads to the need for a brief perspective on small businesses and for that matter entrepreneurship in order to put the study into context.

1.1.3 OVERVIEW OF SMALL BUSINESS AND ENTREPRENEURSHIP

1.1.3.1 Small business

To understand small business, it is considered best to approach it from defining it more so because the literature review revealed numerous definitions of what constitutes a small business. For instance, Thompson (2006:16) defines small business as any organised effort intended to return a profit through provision of small product or service to an outside group. Dzansi (2004:13) sees small business as business entities which are small in size with little or no growth potential and no innovation. However, Dzansi's (2004) view is not universally acceptable as there are some small businesses that are innovative and show growth potential.

There are inconsistencies in defining small businesses in different countries. Thus, many businesses that European countries' regard as small businesses would be considered large business in South Africa (DTI, 2008:2). European Commission provides a categorisation of small businesses based on the number of people the organisations employs per any given time.

Table 1.2 Classifications of small businesses in Europe

Measure	Micro	Small	Medium-sized
No of employees	Less than 10	Less than 50	Less than 250

Source: Verheugen (2005:14)

The South Africa's National Small Business Act of 1996 defines small business as follows: a distinct business entity, including co-operative enterprises and non-governmental

organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub sector of the economy. Like the European commission, the National Small Business Act also classifies small businesses in terms of the number of employees. However, the numbers differ as can be seen from Tables 2 and 3.

Table 1.3 Classifications of small businesses in South Africa.

Measure	Micro	Very small	Small	Medium
No. of employees	Less than 5	Less than 20	Less than 50	Less than 200

Adapted from: National Small Business Act 102 of 1996 as amended in 2003.

But in the South African classification, there are industry variations in terms of number of employees. For example, in agriculture, for a business to be regarded as small business, it should have less than 120, whereas in the construction sector, the number of employees should be less than 200.

Inferring from literature above, the current study defines small businesses as ***owner-managed enterprises that are characterised by limited growth, lack creative power, and are survivalist in nature***. In the context of hair salons, small businesses often employ less than 20 and are often headed by owner-managers who are lack ambitions for growth. This definition does not necessarily exclude those hair salons that are entrepreneurially oriented and that show signs of innovation and growth.

1.1.3.2 Entrepreneurship

Like small business, entrepreneurship also suffers from proliferation of definitions. It is therefore vital that entrepreneurship is also explored from a definitional perspective.

Nieman and Nieuwenhuizen (2009:9) define entrepreneurship as “the emergence and growth of new small businesses”. Dzansi (2004:12) define entrepreneurship as the process where creative and innovative people use their skills to start profitable organisations whilst bearing the inherent risks. Similarly, Kruger (2004:18) refers to the effort of individual who takes risks in creating a successful business as entrepreneurship. Havinal (2009:112) defines entrepreneurship as the act of starting and running an enterprise. Thompson (2006:14) regards entrepreneurship as opportunity recognition and exploitation through the founding and formation of a new enterprise with a possibility for profit. An example of exploiting an opportunity is the establishment of a hair salon in a black area like Dr Ruth Segomotsi district municipality to cater for the hair care needs of inhabitants.

The key points that one can take from the above definitions are perceiving an opportunity or gap in the market, creating a business entity to exploit the opportunity, money making purpose and risk tolerance. Therefore, in line with Nieman and Nieuwenhuizen (2009:9), entrepreneurship is defined in this study as ***the process of identifying a business opportunity or gap, exploiting the gap for profit whilst bearing the associated risk.***

As there is no entrepreneurship without an entrepreneur(s), it is also necessary to comprehend who the entrepreneur is. Nieman and Nieuwenhuizen (2009:9) define an entrepreneur as an individual who creates and manages a business for the main purpose of profit. Havinal (2009:96) defines an entrepreneur as a person who creates something “new” and undertakes risks and handles economic uncertainty involved in enterprise. The uncertainty for hair salons may come in terms of not being certain of patronage by clients. Careful examinations of the above definitions of the entrepreneur shows that the key points to be taken from the definitions are similar to those from the definitions of entrepreneurship. Therefore, consistent with the operational definition of entrepreneurship above, the entrepreneur is operationally defined in this study as ***the***

individual who identifies a business opportunity or gap and exploits the gap for profit whilst bearing the associated risk.

As stated earlier, small business and entrepreneurship may not mean the same thing although they might share commonalities. Having understood what entrepreneurship and small business mean, the section that follows considers the commonalities and differences between entrepreneurship and small.

1.1.3.3 Small business versus entrepreneurship

Although small businesses are consequence of entrepreneurship, in contrast to small business, entrepreneurship does not end with the creation of a small business but triggers economic and financial growth (Kruger, 2004:23). Nieman and Nieuwenhuizen (2009:9) agree that small business formation is a starting point of entrepreneurship as most entrepreneurial businesses usually start small and are often the brainchild of identifying a business opportunity/gap with the conviction that it can be profitable to exploit the gap. Therefore, small businesses plays a role in entrepreneurship and the reverse is also true. So in that sense the two are similar in that they all often start small and aim at making profit from exploitation of a business opportunity.

As stated by Venter, Urban and Rwigema (2008:8) the basic difference between entrepreneurial business and small business lies in their fundamental views on growth potential, innovation and strategic objectives. According to Nieman and Nieuwenhuizen (2009:10), whilst small businesses measure success by profitability, entrepreneurial businesses measure success by profit, growth and innovation. Therefore, entrepreneurial ventures are more strategy oriented with long term view while small businesses are more short term in orientation with a focus on survival than growth.

This research argues that hair salons that adopt short term orientation that leads only to a fight for survival will remain small. On the other hand, hair salons that adopt long term view will be more strategic hence will treat records as strategic resources. That is, hair salons that manage their resources strategically will be competitive and grow. This is synonymous with adopting a strategic resource-based view. Accordingly, it is argued that hair salons that manage their internal resource strategically will be more competitive. To this extent, an internal strategic resource of hair salons is good records management.

1.2 RECORD MANAGEMENT – A RESOURCE-BASED VIEW

As a source of information, records can be seen as a strategic resource for hair salons. Kasim (2011:171) affirm that information can be viewed from the resource-based view of the firm in accordance with strategic management theory. Basically, this perspective suggests that resources are vital for organisational success (Kasim, 2011:171). As businesses utilise resources as inputs, they transform them into outputs for sale to make profits. Thus without resources, no organisation can survive. Therefore, these resources must be jealously protected and properly managed (Hint, Ireland & Hoskisson, 2001).

The implication for hair salons is that information in the form of business records need to be properly managed if they in order to survive in their fiercely competitive business environment. This means that good records management can be used by hair salons as a strategic resource to improve business performance. This assertion is further discussed in detail in Chapter 2. Since hair salons are small businesses, the next section reviews records management in small businesses.

1.3 RECORDS MANAGEMENT - SMALL BUSINESS PERSPECTIVE

The main objective of any business is to make profit through its product or service. For the businesses to succeed they need to make use of the assets at their disposal. Records are one of the assets that they need to manage in order to be profitable and remain in business. As Smith (2007: IV) alludes to, records management should be a serious business function of every business including smaller ones like hair salons as it can make or break profitability. Tushabomwe-Kazooba (2006:32) specifically warns that poor record keeping is a major cause of small business failure. This author goes on to point out that because most small businesses do not keep proper records, they end up losing track of their transactions and cannot account for their expenses and their profits with the end result being business closure.

But business should not just keep records for the sake of keeping it. Rather, records should be kept for future reference in decision making. Records contain vital information such as evidence of business transactions (Kasim, 2011:172). Transaction records can provide a window into the future for hair salons as past and current transactions can provide trends that they can use to project their future level of performance.

Kemoni and Ngulube (2008:301) and Makhura (2005:1) agree that good records management is vital to a business because it facilitates free flow of information that ensures timely and rapid availability of information when most needed for decision making. Some scenarios where authentic and reliable information is needed include litigation and tax assessment. According to State of Florida (2010), businesses need to manage records in order to meet legal, fiscal and administrative requirements. In the case of hair salons, records of chemicals used on hair could become very handy during damage claims while settling tax issues requires availability of appropriate financial records.

There are a number of good reasons for having good records management practice in place. According to US Environmental Protection Agency (2012) reasons for records management practices include:

- To control the creation and growth of records,
- reduce operating costs,
- improve efficiency and productivity,
- ensure regulatory compliance,
- minimize litigation risks,
- safeguard vital information,
- support better management decision making,
- preserve the corporate memory and
- foster professionalism in running the business

All of the above are very relevant to hair salons. For example, proper records management will enable hair salons keep track of operating costs so that where necessary, costs reduction can be done based on relevant information. Similarly, good management will enable salons defend them themselves against lawsuits by producing records in defence. This means that hair salons can save time and money during litigation by falling on their records. In this respect, Sampson (2002:12) maintains that proper record management may prevent or minimize the risk of losses in court proceedings.

The aforementioned discussion shows how important records and the good record keeping can be to a business such as hair salons. A fuller discussion of the importance of good record keeping for small business and hair salons in particular will be undertaken in Chapter 2. The next section discusses the problem statement of this study.

1.4 PROBLEM STATEMENT

Being labour intensive, hair salons provide partial solution to South Africa's high unemployment, poverty and inequality problems hence need to be supported so that they can grow and continue performing their expected labour absorption role. Dr. Ruth Segomotsi Mompati district municipality in the North West Province of South Africa is a socio economically depressed area that depends on hair salons for employment. The prosperity of hair salons is therefore critical to the well-being of the inhabitants of the area. Unfortunately, proliferation of hair salon business Dr. Ruth Segomotsi Mompati district municipality since the dawn of democracy in South Africa has created fierce competition for customers leading to lack of profitability and hair salons failures.

While many reasons can account for business failure in the face of intense competitive environment, there is consensus from the literature that in the current information economy, appropriate management of records allows for quick access to reliable information and this is key to business success. In fact, Resource-based view (RBV) of the firm suggests that a company's quick access to reliable information that is contained in its resources allows that firm to gain sustainable competitive advantage that allows for superior performance. This calls for proper management of a company's records. Accordingly, it is crucial that managers/owners of hair salons recognise the importance of good records management in their businesses in order to continuously have timely access to accurate information.

Unfortunately the researcher has informally observed a disturbing trend among some hair salons in Dr Ruth Mompati local municipality that flies in the face of what can be termed good records management. An informal visit to some of the salons in the region revealed an apparent laxity with which transactions were recorded. Worst still, Informal conversations with a few hair salons operators seem to suggests that records management may be a problem among hair salons as some even see it as more a liability

than asset. This suggests that hair salons in Dr. Ruth Segomotsi Mompoti district municipality might not be taking records management seriously. The question then is, how wide spread is this negative attitude towards records keeping in Dr Ruth Mompoti local municipality? Or could this be the general sentiment in the hair salon industry as a whole? The purpose of this study was therefore to assess the status of records management among hair salons in Dr. Ruth Segomotsi Mompoti District Municipality.

1.5 RESEARCH QUESTIONS

Based on the above problem statement, the main research question investigated was what is the status of records management among hair salons in Dr. Ruth Segomotsi Mompoti District Municipality? In order to answer this question the following specific questions were investigated.

1. To what extent do hair salons in Dr Ruth Mompoti local municipality keep records?
2. Are hair salons located in Dr Ruth Mompoti local municipality aware of the importance of records management?
3. To what extent do hair salons owners/managers utilise business records in decision making?
4. What is the attitude of hair salons owners/managers towards records management?

1.6 OBJECTIVES

The main objective was to ascertain the extent to which hair salons in Dr Ruth S Mompoti District municipality practice good records management in accordance with good records management practices. The main objective was achieved through the following subsidiary objectives.

1. To determine the extent to which hair salons in Dr Ruth Segomotsi Mompoti district municipality have made record keeping a formal office routine.
2. To establish whether there is any relationship between records management and business performance.
3. To determine the extent to which hair salons utilise their records in decision making
4. To determine the attitude of a hair salon owner / manager towards record keeping.
5. To provide guidelines for hair salons on how to establish affordable yet effective records management.

1.7 UNDERLYING THEORETICAL FRAMEWORK OF THE STUDY

As will be fully discussed in the literature review part of the study, the theoretical basis for this study is derived from the resource based view of the firm as well as record life cycle and records continuum. Chachage and Ngulube (2006:3) posit that both perspectives are dominant in the records management field. The conceptual framework for this study is derived by combining both record life cycle and some aspects of records continuum.

1.8 IMPORTANCE/CONTRIBUTION OF THE STUDY

This study seeks to improve the significance and visibility of record keeping among hair salon managers/owners in Dr. Ruth Segomotsi Mompoti district municipality. The study also seeks to develop practical guidelines to assist hair salons to keep cost-effective and accurate records that they can use for making important business decisions.

1.9 SUMMARY OF METHODOLOGY APPLIED

The study is applied, mainly descriptive and quantitative in nature. The target population consists of 752 hair salons in Dr. Ruth Segomotsi Mompati district municipality. The salons were clustered according to towns from which probability sampling was used to draw 195 salons to participate in the study. Singh and Nath, (2010:164) claim that probability sampling affords every element a known chance of being included in the sample. De Vos et al. (2011:230) maintain that cluster sampling has the advantage of concentrating the study in a specific section of a greater geographical area. Therefore, cluster sampling was a good choice as the municipality has isolated clusters of villages and towns. Questionnaires were used to collect data from respondents. The researcher administered the questionnaires with the help of trained research assistants. Descriptive and inferential statistics were produced during the data analysis. Descriptive statistics seek to describe the characteristics of data collected (Leedy & Ormrod, 2005:257) by examining the frequency and patterns of responses. The information produced from the data analysis was displayed using chart, tables and graphs. Details of the methodology employed in the study can be found in Chapter 4.

1.10 LIMITATIONS OF THE STUDY

The study is likely to be criticised for two main reasons. The first is that study is exploratory and therefore would require further research to validate the findings. The second limitation relates to generalisability of the findings due to the limited geographical scope of the study. However, the findings provide some understanding of the problem of record keeping in the hair salon environment.

1.11 ETHICAL CONSIDERATIONS

The researcher ensured that the research was conducted in the most ethical way. Firstly, privacy and anonymity of the respondents was ensured. For example, the research report does not bear reference to individuals or organisations (Leedy & Ormrod 2005: 102). Similarly, participants' privacy was respected (Salkind 2007: 80). Also, informed consent was sought and obtained from participants. In that respect, the purpose of the research, how long will it take, and potential benefits were conveyed to participants. Ethical issues are discussed further in Chapter 4. The next section outlines how this report is structured.

1.12 STRUCTURE OF THE STUDY

Chapter 1 provides an introduction of the research. It includes a description of the research area, the problem statement, research questions, and the objectives of the research questions. Chapter 2 examines the concept of RBV of the firm in more detail with reference to records management in hair salons. The chapter firstly reviews definition of RBV and competitive advantage. Secondly, it examines the literature on RBV and competitive advantage. Lastly, the role of records management in creating competitive advantage is discussed. Chapter 3 reviews literature on records management. Firstly, definition of records management is reviewed followed by records management in small business. The chapter also reviews record life cycle. Types of records and the importance of records management and its relationship on business performance are reviewed. Chapter 4 outlines the research methodology adopted and followed in this study. Chapter 5 presents and discusses the results. Chapter 6 contains recommendations and conclusions.

CHAPTER TWO: RESOURCE BASED VIEW OF THE FIRM

2.1 INTRODUCTION

This study investigated records management practices of hair salons. It was stated in Chapter 1 that, in the current information aged, records if well-kept and utilised becomes a valuable resource for a business. Thus the study is theoretically grounded in the resource based view (RBV) of the firm. This is no coincidence because the RBV of the firm has emerged as one of the influential paradigms within which organisational activities and their competitive strategies could be understood (Robinson, 2008:1; Kasim, 2011:171). This chapter examines RBV and its relationship with businesses performance with specific reference to hair salon businesses. As a point of departure, the chapter discusses the strategic importance of records and records management in the organisation-performance relationship with specific reference to hair salons.

2.2 DEFINING RESOURCE

Before proceeding any further, it is pertinent to first define the concept of *resource* which is central to understanding the RBV theory. Literature suggests that defining *resource* is a daunting task because resource is defined in different ways by different interested groups (Ruiz-Carrillo & Fernandez-Ortiz 2005:33, Galbreath 2005:980 & Sweeney, 2006:28).

Mathews (2002:320), defines resources as the productive assets of the firms through which activities are accomplished. Galbreath (2005:980) sees resources as firm factors that have potential to contribute economically for the benefit of the firm while Henry (2008:127) conceive them as an input that enables an organisation to carry out its

business activities. Encyclopaedic Dictionary of Strategic Management (2007:1) views a firm's resources as everything internal to the firm. For, Ruiz-Carrillo and Fernandez-Ortiz (2005:33), a resources is "the set of differential knowledge, abilities and skills stemming from the process of collective learning of the organization and determining the aptitude and the way in which the enterprise deploys its resources, setting the foundations to create and support its competitive advantage". Barney (1986 cited in Encyclopaedic Dictionary of Strategic Management, 2007) describing resources as a lists of all assets, capabilities, organizational processes, firm attributes, information, knowledge, records and so on. Patari (2009:30) describe a firm's resource base as comprising assets, capabilities, activities, attributes, information and knowledge, whether tangible, intangible or human in nature, that enable it to generate rents. The tangibility or intangibility of resources is also supported by Ferreira, Azevedo, and Fernandez (2011:100) who suggest that tangible assets include capital, access to capital and location. Whereas intangible resources are goods of immaterial nature including: the science of knowing what to do, relations with the clients, operative processes and capacities, abilities and innovations of the firm. From this stand point it is argued that RBV focuses on the use of internal resources and capabilities of the business to create an advantage over competitors.

The foregone discussion outlined various views as to what constitutes resources of the firm. The next section deals with the nature and historical overview of RBV.

2.3 NATURE AND HISTORY OF RBV

2.3.1 NATURE OF RBV

Although RBV encompasses a broad set of ideas and applications (Foss, 2011:1), the same author affirms that its growing recognition in recent times is primary due to its

perceived usefulness in gaining sustainable competitive advantage. According to Foss (2011:1),

Some use the term in a narrow sense for a set of ideas based on mainstream economics about what are the necessary conditions for sustained competitive advantage.

In fact, RBV has become one of the most influential and cited theories in management as it seeks to explain the internal source of a firm's sustainable competitive advantage (Kraaijenbrink, Spender & Groen, 2010:350).

According to Madhani (2010:4), RBV, analyses and interprets internal resources of the organisations and emphasize the importance of resources and capabilities in formulating strategy to achieve competitive advantage that is sustainable. Similarly, according to Bridoux (2004:3), the RBV emphasizes the firm's resources as the fundamental determinants of competitive advantage.

Businesses can create competitive advantage through the development and intelligent application of core resources and capabilities (Barney, 1991). Zhuang and Lederer (2005:251) affirm that the RBV theory assumes that a firm's performance is founded on its capabilities. According to Coates and McDermott (2002:456) RBV is about the strategic use of the firm's assets, skills, abilities and knowledge and this theory puts emphasis on the internal resources of the firm.

2.1.1 RBV - HISTORICAL OVERVIEW

According to Galbreath (2005:979) and Sweeney (2006:20), RBV is one of the most important areas of research to emerge in the field of strategic management in the last

decade. In fact, in the last decade, RBV has gained prominent attention in the field of strategic management as well as in economics (Galbreath, 2005:979). According to Ferreira and Azevedo (2011:98), several advances have occurred on different strategic levels and all of them contributed to what has been termed RBV. Truijens (2003:1) asserts that the RBV is a contemporary and promising theory that provides insights into both strategic and organisational issues. A long list of resources can be drawn for a business. However, Ding (2011:6) as well as Madhani (2010:3) assert that not all the resources of the firm will be strategic and source of competitive advantage.

2.4 RBV - A COMPETITIVE ADVANTAGE PERSPECTIVE

The most salient characteristic of the RBV is its focus on the internal resources of the firm (Ferreira and Azevedo, 2011:98). According to Barney (1991:105), Madhani (2010:3), and Acosta, Colomo-Palacios and Loukis (2011:46), competitive advantage occurs when there is resource heterogeneity (competing firms may possess different bundles of resources) and resource immobility (the resource differences that persist). Zhuang and Lederer (2005:252) agree to this and add that these resources must be beneficial, be owned exclusively by the firm, and be costly or impossible to imitate. But firms need to use their resources efficiently to be successful. Oxbridge writers (2012) agree that efficiency depends on how a firm uses its resources. These normative assertions, although not backed up by empirical data suggests that hair salons need to properly manage their records and use the information resources contained in the records so as to gain competitive advantage.

2.4.1 COMPETITIVE ADVANTAGE

Peteraf (1993:185) broadly defined competitive advantage as the quality of a business that enables it to outperform its competitors and enable it to sustain above normal returns. Similarly, Barney (2001:48) defines a business with competitive advantage as one that is

engaging in activities that increase its efficiency or effectiveness in ways that competing firms cannot. Furthermore, Barney (1991:102) states that competitive advantage occurs when a firm is implementing a value creating strategy that is not being implemented by other competitors. Ehlers and Lazenby (2007:2) explain that competitive advantage is the edge that a business has over others. From the above definitional stand points, it could be suggested that resources that are valuable but are also possessed by other competitors cannot trigger business's competitive advantage. In view of the above, competitive advantage could be viewed in terms of an organisational capability to combine productive resources with strategies not being implemented by other firms in order to stay ahead of the competition. The capability of hair salons to combine all productive resources so as to keep them ahead of those competitors who are not practicing this strategic process can therefore lead to competitive advantage. In this research, it is argued that appropriate management of internal results can lead to competitive advantage for hair salons since the information will only be proprietary to the particular hair salon if managed well. Barney (2001) concludes that competitive advantage helps firms to generate higher than expected returns.

According to Sweeney (2006:28), the current understanding of RBV is that firms can sustain a competitive advantage via essential resources. Barney (1991:102) observes that not all firms' resources can create competitive advantage. Hence RBV of the firm has placed immense emphasis on types of advantage-creating resources (Sweeney, 2006:28).

2.4.2 TYPES OF ADVANTAGE CREATING RESOURCES

In discussing these advantage creating resources, it is essential to differentiate resources and capabilities of the firm. According to Grant (2008:130), resources are the productive assets owned by the firm, whereas capabilities are what the firm can do. The main differences between resources and capabilities, according to Lopez et al (2006:329) are

that resources are independent, simple and static, as opposed to capabilities that are collective, complex and dynamic.

There have been various labels used to describe a firm's resources set (Fahy & Smithee, 1999:7; Galbreath, 2005:980). Barney (1991:101) classified firm resources under three categories namely physical capital resources, human capital resources and organizational capital resources. The author describes physical capital resources as physical assets used in a firm. They include technology, plant and equipment, location, access to raw materials. These are resources that are visible. Henry (2008:138) adds that to add value these resources must be capable of responding flexibly to changes in the marketplace.

Human capital resources are the stock of competencies, knowledge, social and personality attributes, including creativity, embodied in the ability to perform labour so as to produce economic value (Wikipedia, 2012). Human capital resources include training, experience, insight, and relationships of individual managers and workers. Human capital refers to the collective value of the organisation's intellectual capital which includes competencies, knowledge, and skills. Supporting this statement Grant (2008:134) states that the human resources of the firm are the expertise and effort offered by its employees. The author asserts that the ability of employees to harmonize their efforts and integrate their separate skills depends not only on their interpersonal skills but also the organisational context. This organisational context as it affects internal collaboration is determined by a key intangible resource: the culture of the organisation (Grant, 2008:134).

Organisational capital resources are the ability of an organisation to mobilize and sustain the process of change required to execute strategy (Wikipedia, 2012). Lopez et al. (2006:336) define organisational capital resources as the set of intangibles assets that

structure and develops the organisational activities of the firm effectively and efficiently. Organisational capital resources includes formal reporting structure, formal and informal planning, controlling, and coordination systems, and informal relations among groups within a firm and those in its environment. Human capital resources therefore relate to owners/managers of hair salons applying the knowledge and skills they possess to handle records management effectively.

Fahy and Smithee (1999:7) and Galbreath, (2005:980) describe resources as comprising of three distinct sub-groups which are; Tangible resources, intangible resources and capabilities.

2.4.2.1 Tangible resources

Tangible resources are physical assets that an organisation possesses, (Henry 2008:128) and are used for production. Henry (2008:120) differentiate tangible resources as fixed or current assets that have a fixed long run capacity. Examples of tangible resources include: plant, equipment, land other capital goods and stocks, debtors, bank deposits and access to raw materials.

Pearce and Robinson (2005:151) and Ehlers and Lazenby (2010:115) explain that tangible resources are the easiest to identify. They further state that tangible resources are physical and financial means a firm uses to provide value to its customer. For this study, hair salons have records as tangible resources. However, records cannot create an advantage on their own, so hair salons need to manage them through their human capital.

2.4.2.2 Intangible resources

For Fahy and Smithee (1999:7), Ehlers and Lazenby (2010:116), intangible resources are assets that are not physical. Intangible resources include intellectual property such as trademarks, patents, and brand and company reputation.

For Fahy and Smithee (1999:7), Ehlers and Lazenby (2010:116), intangible resources are important in creating competitive advantage. Ehlers and Lazenby (2010:116) argue that that intangible resources are superior and more potent source of core competencies necessary for gaining competitive advantage. Galbreath (2005:984) also states that intangible assets do contribute more significantly to the success of the firm than tangible assets.

According to Henry (2008:128) firms with valuable tacit knowledge built up through their culture, processes, and employees possess an intangible resource which cannot really be transferred. Fahy and Smithee (1999:7), Kristandl and Bontis (2007:1513), and Ehlers and Lazenby (2010:116) went a step further to suggest that compared to tangible resources, intangible resources are resistant to imitation by competitors because of being less visible.

The nature and importance of intangible resources is best explained by Kristandl and Bontis (2007:1518) as follows.

Strategic firm resources enable an organization to create sustainable value, and are not available to a large number of firms. They lead to potential future benefits which cannot be taken by others, and are not imitable by competitors, or substitutable using other resources. They are not trade-able or transferable ... Because of their intangible nature, they

are non-physical, non-financial, are not included in financial statements, and have a finite life.

2.4.2.3 Capabilities

An organisational capability is a “firm’s capacity to deploy resources for a desired end result” (Grant, 2008:135). In a similar manner, Ferreira and Azevedo (2011:5) describe capabilities as assets and accumulated knowledge, exercised through organisational processes. Ehlers and Lazenby (2007:86) believe that the foundation of organisation’s capabilities lies in the skills and knowledge of the firm in combining tangible with intangible resources through organisational processes, which will turn to be possible core competencies or distinctive capabilities.

Firm’s capabilities are only distinctive when they arise from characteristics which other firms do not have, however these distinctive capabilities are not sufficient for success. The distinctive capabilities must also be sustainable and appropriable. Sustained capabilities are those that are not easily or quickly reproduced by the competitors and must form the base of firm’s strategy (Ferreira & Azevedo, 2011:6). For example, Hair salons can create sustained capabilities by deploying information in their records in such a way that it is not easily or quickly reproduced by the competitors so that it becomes a source of competitive advantage.

Ehlers and Lazenby (2007:86) see capabilities as the glue that emerges over time and binds the organisation together. On the other hand, Ferreira and Azevedo (2011:5) affirm that capabilities are the main source of competitive advantage. In this constantly changing environment, companies face the challenge of continuously having to identify, acquire, develop, and upgrade their resources and capabilities in order to maintain competitiveness and growth (Rottgardt, 2009:15).

The firm's strategic capabilities and the competitive advantages generated over rival firms, rest on the distinctiveness of the resources at its command (Mathews, 2002:32). Organisational capabilities give the firm the ability to deploy resources to create valuable new or significantly improved outputs (Roxas & Chadee, 2011:9). Galbreath (2003:982) argues that know-how (capabilities) is the main source of competitive advantage as it is highly complex, specialized, tacit and most difficult to duplicate. However, capabilities need resources to generate competitive advantage. Hence Grant (2008:135) concurs that individual resources do not confer competitive advantage, they must work together to create organisational capability since it is the capability that is the essence of superior performance. From the view point of this study, capabilities in hair salons can be distinctive skills of owners/managers in managing its records. From this stand point, it is argued that owner/managers of hair salons that manage their records as valuable resources well - a capability and distinctive skill, and use information contained in these records well, they will have an edge over competing hair salons.

According to Henry (2008:132) it is the efficient configuration of resources that provide an organisation with competencies. This study questions the capability of hair salons to utilise the immense information resources that their records can provide.

2.4.3 CHARACTERISTICS OF COMPETITIVE ADVANTAGE RESOURCES

Sweeney (2006:34) argued that for a resource to be a source of competitive advantage it is imperative that it must have certain characteristics. In this section, these characteristics are discussed.

For Barney (1991:105), a firm can generate competitive advantage if its resources have four characteristics namely: they must be valuable, they must be rare among a business's current and potential competitors, they must be imperfectly imitable, and they must not

be strategically equivalent substitutes for this resource. To achieve this, Sweeney (2007:35) suggests that a firm must focus on resource heterogeneity and immobility of resources. Sweeney (2007) defines heterogeneity as differences in resources among competing businesses. Sweeney (2007:35) further characterizes immobility in terms of complexity in movement from one business to another. It is therefore not easy for a competitor to possess these resources. Caldas (2010:14) argues that it is only through the possession and exploitation of valuable, rare, imitable and non-substitutable resources that a business can generate competitive advantage. These characteristics are discussed below.

2.4.3.1 Value

According to Barney (1991:106) and Henry (2006:138), resources are valuable when they enable the business to formulate and implement strategies that improve efficiency and effectiveness. Value to customers is an essential element of competitive advantage. Caldas (2010:15) adds that a resource must be valuable enough so that it allows the business to effectively exploit environmental opportunities and protects the business against external threats. Ding (2011:7) affirms that if the resources do not enable the creation of value, they cannot be considered a potential source of advantage. Caldas (2010:15) argued that if valuable resources are also available to other competing businesses, they cease to offer any advantage.

According to the above discussion, resources can only bring competitive advantage if they add value to the business and only when that value cannot be provided by competing businesses. In this study, records management can only become a competitive advantage when it is being used to make strategic decisions that benefits customers to the extent that it adds value to customers.

2.4.3.2 Rare resources

Rare resources also constitute another characteristic necessary for competitive advantage. Rare resources are those that are limited in supply and not equally distributed across a business's current and potential competition (Lockett, Thompson & Morgenstern, 2009:11). Kristandl and Bontis (2007:1512) share the same sentiment and add that resources should be possessed by few businesses to be rare. According to Barney (1991:106), if the resources are not rare, they will not be a source of competitive advantage, even though they are valuable. To achieve a sustainable competitive advantage it is necessary that competing businesses cannot copy these rare resources (Henry, 2008:138).

Control of rare resource is key to competitive advantage. According to Fahy and Smithee (1999:7) and Kasim (2011:175), businesses that control valuable and rare resources possess a competitive advantage and will be able to implement superior strategies.

Appropriate management of records by hair salon implies good control of who accesses the records system so that its rarity resource is protected hence cannot be copied easily by other competing salons.

2.4.3.3 Inimitability

For Lockett, Thompson and Morgenstern (2009:11) inimitability refers to the extent to which resources are difficult to imitate by other businesses. Henry (2008:139) suggested that where resources can be imitated, competitors will take away the business's competitive advantage. Resources can only be a source of sustainable competitive advantage if businesses that do not possess these resources cannot obtain them (Barney, 1991:107). Fahy and Smithee (1999:6) state that resources are likely to be inimitable or imperfectly imitable where their relationship with advantage is poorly

understood and they possess the characteristics of tacitness, complexity, specificity, regulatory protection and economic deterrence. In other words, inimitable resources are those resources that are being controlled by a few businesses, and they create a competitive advantage if other competing businesses cannot be able to duplicate them. The skills owners/managers of hair salons have, and the way they manage and use their records (resource) will not be easily imitated. For that reason, they can lead to competitive advantage for hair salons.

2.4.3.4 Non-substitutability

For resources to be a source of competitive advantage, there must be no strategically corresponding valuable resources that are themselves either not rare or imitable or competitors must not have comparable resources in order to substitute an otherwise inimitable resource (Barney, 1991:111; Kristadl & Bontis, 2007:1512). According to Henry (2008:5), two valuable business resources are strategically equivalent when they can be exploited separately to implement the same strategies. Wade and Hulland (2004:121) argue that substitutability affects resource value, not rarity. These authors agree to this statement by stating that resources do not become less rare by having multiple substitutes; however, their value can be expected to diminish as substitute resources are developed.

2.4.3.5 Summative assessment

The discussion in Section 2.4.3 shows that records management practices should have value, be rare, inimitable and non-substitutable to competitors. Salons should be innovative in their records management process in a manner which competitors cannot easily imitate or substitute. Resources will not lead to competitive advantage if other competing businesses will be able to substitute them. Figure 2.1 illustrates the relationship between proper management of hair salon records as resources and their ability to create sustainable competitive advantage.

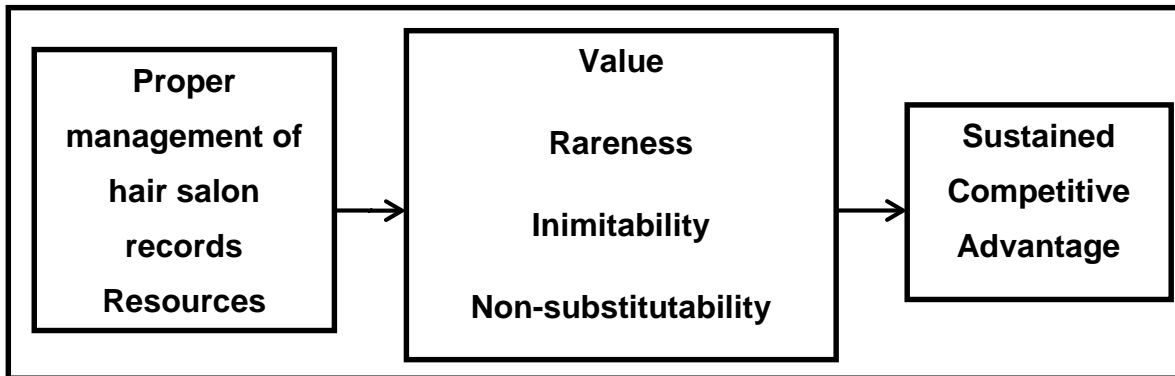


Figure 2.1: Hair salon records as resources and Competitive advantage.

Source: Barney (1991:112) with adaptations.

Based on the model in Figure 2.1, it could be conjectured that hair salons that manage their records in a manner that adds value to customer needs, and at the same time such records management practices are rare, inimitable and non-substitutable by competitors, will be more successful in their operations.

Once a firm establishes a competitive advantage through the strategic use of resources, competitors will likely attempt to accumulate comparable resources in order to share in the advantage (Wade & Hulland, 2004:121). The non-substitutability condition directs attention to whether competing businesses can access resources that will allow them to implement the same strategies as some successful firm (Foss & Knudsen, 2000:7).

Caldas (2010: 16) argues that it is the coexistence of value, rareness, inimitability, and non-substitutability which ultimately accounts for a resource's capacity to generate competitive advantage. It is important that advantage creating resources are managed correctly and strategically maintained (Sweeney, 2006:20). According to Barney (1991, 105) within the framework of the resource-based view, the chain is as strong as its weakest link and therefore requires the resource to display each of the four characteristics to be a possible source of a sustainable competitive advantage.

Lockett, Thompson and Margenstern (2009:11) point out that those valuable resources can be used to exploit opportunities and neutralize threats in a firm's environment. Examining organisational competitive advantage from the RBV is critical as it can be used as a conceptual guideline for business to enhance their competitive advantage position via application and manipulation of identified internal business resources (Rose, Abdullah & Ismad, 2010:495).

Sweeney (2006:14) sees competition as a predicament faced by businesses; therefore, businesses should strive for competitive advantage. Clearly businesses cannot have a competitive advantage if their resources do not possess these four characteristics discussed above. Furthermore it is unlikely that they will remain in business if they do not possess these resources. It is argued in this study that for hair salons to gain sustainable competitive advantage, they have to properly manage their records on a continuous basis in order to stay ahead of the competition.

2.4.3 COMPETITIVE ADVANTAGE OF RECORDS MANAGEMENT

Throughout the preceding discussions and the entire thesis, it has been made abundantly clear that records are important for business performance. As Kasim (2011:174) puts it, records contain information that serves as a valuable resource to an organization. For a business to create a competitive advantage, timely decision making is needed. Therefore, businesses that adopt strategic records management approach will have information readily available for a timely decision-making. According to Pemberton (2004:2) information has always been a business's central resource, without which businesses cannot compete. Pemberton further states that business records are both operational and strategic assets.

According to Kasim (2011:174) there are concrete reasons why records management is among the most important strategic resource that organization need to emphasize; the role information plays in the operation and transaction of business activities; and the necessity of information in the day-to-day operations. The first and perhaps most important reason is that in today's competitive environment, businesses should not only survive but also gain competitive advantage against rivals in order to be successful (Bal, Bal & Demirhan, 2011:3). Managing business records effectively and efficiently will enable businesses to create competitive advantage by discovering new and better ways of creating value for their market. This assertion will be tested in order to determine the extent to which it is applicable to hair salons. Another reasons is that business can differentiate itself from its competitors by strategically developing and deploying specific resources (Caldas, 2010:15). Records management can be used by businesses in this regard. Differentiating resources according to the author comprise any type of assets, capabilities, information or knowledge susceptible to being controlled and exploited to improve a business's competitive advantage. Further to capture the dynamism of a firm's competitive behaviour, the growth of the firm needs to be traced in terms of its resources and capabilities and the way they are used (Coates & McDermott, 2002:435). This is where records keeping will be helpful as growth of the business can be traced by consulting business records. Also, because records reduce uncertainty, one can take action from it and make decisions based on it (Pemberton, 2004:30).

The uniqueness of each business lies in the way they use their resources and capabilities. According to Coates and McDermott (2002:457) many of the resources and capabilities upon which competitive advantage is built have their foundation on the operations area, where records are actively created and used. Records management is fundamental to the development and use of resources as they show the usefulness, effectiveness and productiveness of resources. Coates and McDermott (2002:437) state that resources themselves cannot generate competitive advantage but rather it can be generated by how those resources are being used. Pemberton (2004:31) states that records management confer competitive advantages that can increase revenues. According to Foss (2011:1),

if the business is able to deploy input factors in a way that create value for its customers and has the potential to do better than competition, it will have an advantage over competitors. In this study it is argued that hair salons that deploy records management to create value for their customers are likely to overtake their competitors.

2.5 SUMMARY

According to Kasim (2011:171) records contain information that serves as a valuable resource to an organisation and this is applicable to hair salons. This chapter has demonstrated that RBV is a general framework for creating a competitive advantage for firms. Small businesses, including hair salons have to focus on their internal resources, in this case records management if they are to achieve their competitive objectives. RBV theory indicates that firms gain sustained competitive advantage through abilities that are rare and hard for other firms to copy (Coates & McDermott 2002:448). Following this view, hair salons should consider records as critical resources which require effective and efficient management to enable them to realise their competitive goals. As the literature has shown, managing records facilitates effective decision making process, and firms desiring to stay ahead of the competition should therefore seriously consider the importance of records management as a competitive advantage creating resource. This should be applicable to hair salons as well.

To sum up, this chapter has focused on the issue of the strategic importance of resources. Robinson (2008:4) states that to understand how resources become valuable requires understanding how resources are managed. The next chapter focuses on records as a strategic resource. Specifically, it focuses on records management.

CHAPTER 3: RECORDS MANAGEMENT

3.1 INTRODUCTION

Every business has the potential to generate records tangible - *manual* or digital. Because business activities are based on access to information contained in records (Ngoepe, 2008:1), good record management has been seen as invaluable to business (Kanzi, 2010:3). That is, without good records management, businesses will struggle to survive since sound decisions can only be made if adequate and reliable information is readily available. According to Corporate Storage Services (2010:1), the purpose of records management is to promote economies and efficiencies in recordkeeping, to destroy useless records systematically while valuable information is protected and maintained in a manner that facilitates its access and use. Corporate Storage Services (2010:1) puts it succinctly that, “*what was once the simplicity of filing cabinets, folders and boxes, and warehouses and basements is now a web of complexity*”. Unfortunately, small businesses are faced with the challenge of sound records management (McKinnon, 2004:5). As stated in the earlier chapters, this study investigates records management practices of a section of the small business sector – hair salons. This chapter therefore reviews the related literature on records management in general as well as managing records in small businesses and how records management affects business performance. The review begins with understanding what records are.

3.2 WHAT ARE RECORDS?

According to Makhura (2005:8), a record is defined by its physical format or in terms of information it contains. National Archives and Records service of South Africa Act (No. 43 of 1996) describes a record as, “*stored information regardless of form or medium, created or received and used in the operation of the organisation*”.

Shepherd (2006:6) and Zhu, Bonner, Mendez, Rathgeber, Yadav and Yessayan (2009:6) describe records as evidence of an activity undertaken by an individual or a work group in the course of their business which resulted in a definable outcome. This is usually done in pursuance of legal obligations or in the transaction of business. Winkler, (2004:18), affirms that any piece of data, in any form, that is required to be kept as documentation of an organization's decisions, actions and transactions is considered as a record. Another explanation by Microsoft Office SharePoint Server (2008:3) states that a record is a document, either electronic or physical entity in an organisation that serves as evidence of an activity or transaction performed by the organisation.

3.3 TYPOLOGIES OF RECORDS FORMATS

There are two main different types of records formats. These are: manual and electronic records. According to Borglund and Oberg (2006:5), there is no difference in the expected functions between manual records and electronic records but there are differences in structure and form.

3.3.1 MANUAL RECORDS

Manual records are kept in hard copies or tangible paper. It is those records that are usually filed and kept in cabinets. According to Government of South Australia (2011), paper-based records are any records that have been written or printed on paper; they can be items such as hand written notes, correspondence, printed reports, procedures, or receipts.

Even though there is a proliferation of electronic records, there are some businesses especially small ones that use mainly paper-based records keeping system probably due to resource scarcity. Paper records can be as critical to the operation and survival of a

business as other forms of media (Kennedy, 2008). As soon as a record is created or received, the user should ensure that it is filed and documented correctly for easy access and tracking (Government of South Australia, 2011). University of Portsmouth (2012) affirms that paper records should be filed immediately to prevent possible misplacing, and they should be arranged logically to ensure easy accessibility and safeguard from environmental damage.

3.3.1.1 Advantages and limitations of manual records

The State of Queensland (2011) identifies certain advantages of manual records that can be very appealing to small businesses such as hair salons. According to The State of Queensland (2011), manual records are less expensive to set up because it does not need technological equipment, which can be costly to set up; correcting entries may be easier with manual systems, as opposed to computerized ones that can leave complicated audit trails; the risk of corrupted data is much less; data loss is less of a risk, particularly if records are stored in a fire-proof environment; problems with duplicate copies of the same records are generally avoided; and the process is simplified as there is no need to be familiar with how accounting software calculates and treats the information.

The State of Queensland (2011) also identifies certain limitations of manual records that may discourage small businesses from keeping manual records. According to The State of Queensland (2011), manual records are time consuming -it takes a lot of time to go through the files looking for a specific file; chances of human error -paper files can be wrongly filed causing a tremendous amount of stress and cost in finding them again; paper work requires lots of space -filing cabinets take too much space that costs money; and records can only be accessed and used by one person at a time. These disadvantages may make small businesses such as hair salons to opt for electronic records.

3.3.2 ELECTRONIC RECORDS

Organisations are increasingly relying on electronic records to manage work and make decisions. Makhura (2005:48), University Archives (2007:11), and Strickland (2005:2) agree that electronic records are becoming the main records transactions in businesses today. Moreover, University Archives (2007:11) adds that many hard copy records are being digitised so that they may be managed in digital form. Makhura (2005:48) further affirms that business information has moved from paper memoranda and letters to email messages. With this, it remains the responsibility of the business to ensure proper management of those records. According to Strickland (2005:2), the convenience of the personal computer has accelerated the pace at which organisations communicate and produce results.

An electronic records management system is the practicable way to gain control over the number of records in existence and those being created on a daily basis (Porter-Roth Associates, 2006:1). With it, one can easily trace records that have been borrowed. Formal records management is not universally applied. For instance, the Association of Information and Image management found that most businesses do not have a reliable system for electronic records (Moore, 2004:2). The physical records file room, while still in existence, is being replaced by the virtual records file room, which is actually thousands of desktops, network storage devices, and portable media.

Electronic records management system must be capable of handling the continued growth in electronic records, and be accepted by the user, who has to use it (Porter-Roth Associates, 2006:1). However, Blair, Kahn Consulting (2004:8) asserts that records created electronically should remain in electronic form since some information available in electronic format cannot be available when printed on paper. In order to manage electronic records effectively in an increasing technological environment, it is imperative for records managers to have a basic understanding of IT (Makhura, 2005:50). According to NASCIO (2008:5) improving electronic records in the business will lead to substantial

reduction in risk and liability. Protecting the security, confidentiality and integrity of the electronic records is critical to determining how to store these records.

Like manual records, electronic records also go with advantages and limitations that may attract or discourage small businesses like hair salons. California Records and Information Management (2002:21) and Makhura (2005:54) identify the following advantages and limitations of electronic records.

3.3.2.1 Advantages and limitations of electronic records

According to California Records and Information Management (2002:21), electronic records: provide faster access to records -regardless of the location of the user, records can be just a click away; ensure flexibility of records retrieval -electronic records do not need specific staff to retrieve them, any user can retrieve them; reduces wrong filing -it is unlikely to file an electronic record where it is not supposed to be filed. Makhura (2005:52) added that electronic records: save space - space costs money, so technology is replacing paper records with electronic ones to save space; reduce costs -an electronic record requires only one employee to send one record to all staff members; also saves money on postage, storage, shredding and waste disposal.

In terms of disadvantages, California Records and Information Management (2002:21) states that: electronic records is expensive to set up an electronic records management because of the high cost of necessary equipment and software; there is a need for additional expertise to administer and operate the electronic system; the cost of maintaining duplicate systems is high. Makhura (2005:54) provides other limitations of electronic records system which revolve around: *security* -as technology changes fast, records should be stored in the format that will last for its entire useful life; and *accessibility* -an electronic record requires the use of machines in order to read it, unlike paper document that can be read directly by the human eye.

Small businesses especially hair salons might be tempted to use mainly paper-based records because of their affordability. However, hair salons can save office space needed by paper records, by using electronic records for archives thus reducing rental costs.

After looking at electronic records and their advantages and limitations, the following section attempts to examine the importance of records management.

3.3.3 USES OF RECORDS

The use of records is important as it guides and influences the design of records management and archives systems and services to users (Sundqvist, 2007:624). Records are created by all sorts of people and institutions as a result of an activity being undertaken (Ngoepe, 2008:37). They are a means of providing evidence of business activity or of remembering events and transactions that have occurred (Ngoepe, 2008:37). Records are useful in many situations. For instances records can be used in decision making, problem solving, goal setting and for legal purposes (Ngoepe, 2008).

In decision making, Ngoepe (2008:38) states that when making decisions, businesses should look at the past experiences, which are found in records to figure out how decisions were made and how to improve them going forward. Regarding problem-solving, the same author says that by looking at the past records, business would be able to see what went wrong and be able to rectify whatever problem they might have. When setting goal, during strategic planning, Makhura (2005:17) and Kasim (2011:171) advise that the business should look at what they have achieved and plan how to improve those achievements. This means looking back at past records. Finally, according to Chachage and Ngulube (2006:10), business records should be managed in a way that they comply with regulatory, legal and ethical requirements - they should do so to protect the organisation from legal challenges.

3.3.4 RECORDS AS A PRODUCT OF FORMAL BUSINESS ROUTINE

Businesses must understand that information is necessary in their day-to-day operation. Kasim (2011:171) and Moore, (2004:2) observed that many organisations do not see records an important product of formal business routine. These authors go on to agree that it is only after costly litigation or destruction of vital operating records do businesses realise that all of the above ramifications could have been prevented had records been regarded as important. Kasim (2011:171) confirms that most businesses are incapable of handling their records systematically, as they are neglected, trivialized and poorly managed.

Records may naturally arise in the course of work, such as sending an email. In other cases, where the activity does not automatically result in the creation of a record, there is the need to create one. Examples of this include meetings, telephone conversations, informal discussions and the receipt of funds. Businesses need to consult records of their previous activities and decisions, in the conduct of their everyday business activity (Makhura, 2005:18). However, there is general agreement among scholars that many businesses pay little attention to the management of records (Mnjama, 2004:6; Ngulube 2004:6; Wallace 2004:6, Chinyemba & Ngulube 2005, Ngoepe 2008:3).

From the above observation, small businesses, especially hair salons, may seem to perceive record keeping as a waste of precious time, which they will rather invest on running their businesses and in so doing fail to realize the importance of maintaining good records management. This leads one now to turn attention to records management.

3.4 DEFINING RECORDS MANAGEMENT

Turning to records management, the literature review discovered many, varied, and interesting definitions a few of which are presented here. Kahn and Blair (2004:8) and

Makhura (2005:9) describe records management as managing of records created or received by the organization. Read and Ginn (2011:3); Faulhaber (2011); Kanzi (2010:19); Red Deer College (2009); as well as the National Archives and Records Service of South Africa (2007); all agree that records management is the systematic control of all records from their creation or receipt, through their processing, distribution, organisation storage, and retrieval, to their ultimate disposition. This definition implies the planning, organising and controlling of all the steps in the life of records, from the time they are created to the final destruction or archival process. On the other hand, Kasim (2011:173) regards records management as the science of managing the records with the objective of retrieving: them as quickly as possible; the right information in the right place at the right time. According to Jerab and Pinar (2010:6), records management is the task of ensuring that recorded information, paper and electronic, is managed economically and efficiently. Makhura (2005:9) sums up records management definition by stating that its main purpose is to manage and control the flow of records with necessary information within a particular organisation.

Considering all the above definition, it is concluded for the purpose of this study that records ***management includes systematically classifying, storing, securing of useful records and destruction of unwanted records.*** By defining it like this, the researcher tends to agree with Sebina (2006:3) that proper records management is essential to the daily running of businesses. This definition is also consistent with dominant theory that explains the need to manage records. This theory is now examined.

3.5 A THEORY ABOUT MANAGING RECORDS

According to Chachage and Ngulube (2007:3) records life cycle and records continuum models are the dominant theories in the records management field. Whereas the life cycle theory views records as resembling living organisms that are born and go through various

stages until they cease to exist, the records continuum model offers an alternative view of records management (Borglund & Oberg, 2010:7). Legodi (2010:22) and Ngoepe, (2008:10) added that continuum model views records management as a continuous process and understanding it can be a bit complicated. However, the fundamental practices in the paper environment as illustrated in the life cycle approach are most relevant to small business (Ngoepe,2008:9) and quite easy to comprehend hence only the records life-cycle theory is examined here.

3.5.1 RECORDS LIFE-CYCLE

According to Red Deer College (2009) and Chachage and Ngulube (2006:6), the lifecycle of records is very important as it is associated with records management. Records are created, retained for some period of time and then disposed of. Makhura (2005:31) and Ngoepe (2008:8) affirm that records are created, received, disseminated, used, maintained and disposed of after their period of survival. This process of creation to the disposition of records is called the records life cycle. According to Kanzi (2010:17), the life-cycle of records is the basis on which a records management system is developed, as the system stipulates the procedures and processes that organisations need to follow at each phase of the record's life-cycle. If businesses do not manage records through the earlier stages of their life-cycle, records that are no longer useful will be kept too long and those of archival value might not be identified and safeguarded. At each phase of the cycle, records must be carefully managed to ensure they retain their integrity, authenticity and reliability (Wiltshire, 2011).

According to Hoke (2011:29) life cycle is a helpful way of looking at records' progressive stages. Red Deer College (2009) points out that without life-cycle, records management would not be cost effective nor would it run effectively; furthermore records may get destroyed sooner than they should. Figure 3.1 illustrates the stages of record's life-cycle.

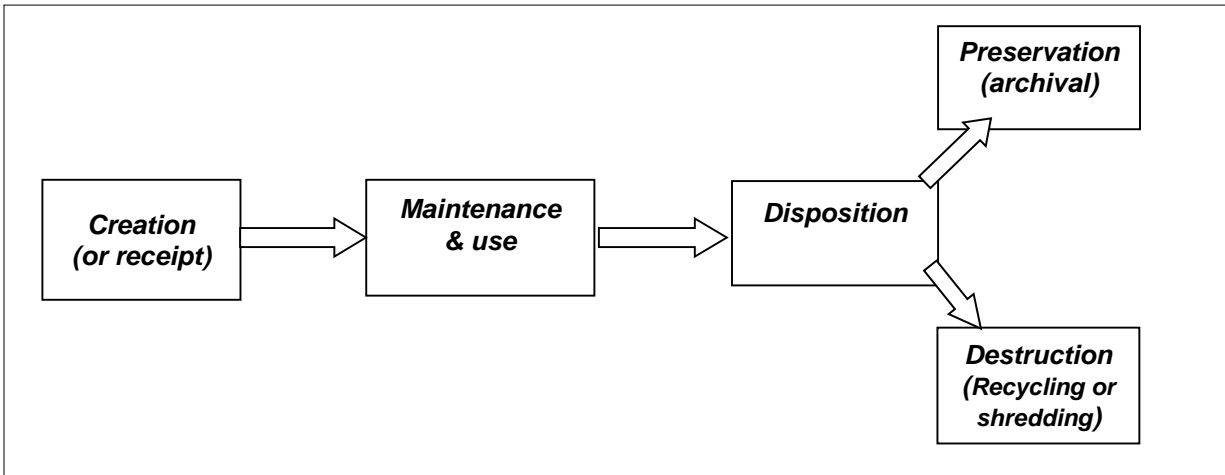


Figure 3.1 Records Life Cycle.

Source: Government of South Australia (2011).

Figure 2.1 depicts the records life-cycle including creation, or receiving, maintenance and use and disposition (archival recycling or shredding). Hoke (2011:29) observed that, “*all records are dynamic, never static*”. This means records are not created or received to be stored but they have a value for the business. The various stages of the records life-cycle are further explained below.

Stage I - Creation: The records life cycle begins when records are created or received. To support this Hoke (2011:29) affirms that a records life-cycle begins when a discreet parcel of useful or relevant information arrives at or is created within an organization.

Stage II - Maintenance and use: The second stage of life cycle is the maintenance and use of records that have been created or received. This is where the records are actively used and shared (Makhura, 2005:34). The use of records is when records are used on a day-to-day basis to help generate business decisions, document further action or support other business operations. According to Red Deer College (2009), it is also considered the active phase of the cycle.

The maintenance phase includes filing, transfers and retrievals. These records are kept for legal or financial reasons until their retention period expires. When the records are removed from files, they are tracked to ensure they are returned and available to others who may need to access them (Red Deer College, 2009).

Stage III – Disposition: Disposition is when the records are less frequently accessed (Red Deer College, 2009). This leads to either the preservation or destruction of records (Makhura, 2005:35). Records that have historical value to the business will be kept and sent to archives, where they will be preserved for future purposes. According to Makhura (2005:35), records reach their inactive phase when their primary value to the business lapses. Other records that no longer have any value are legally destroyed at the end of their active life-cycle.

According to Hoke (2011:32) the records life-cycle is a useful, helpful way to look at records management and interpret it to records managers. He further points out that in today's world, where capturing, acquiring, and displaying information get significant emphasis, the life-cycle perspective brings balance and ensures that no part of records management is overlooked or undervalued.

Apart from being very applicable to records management in large organisations, the model has aspects that relate to small businesses. For example, paper-based records are more suitable for small businesses as they create more paper-based records compared to electronic records. Small businesses especially hair salons are normally busy, so if they manage records through early stages of records life cycle, they will save time by keeping records that remain useful for future reference. Talking about usefulness leads to the broader issue of the benefits of good records management.

3.6 BENEFITS OF GOOD RECORDS MANAGEMENT

According to Makhura (2005:12), the main motive behind records management is to assist businesses in making the right decisions about which records to keep and how to keep them. Furthermore, records management helps in deciding which records to destroy. Fermi National Accelerator Laboratory (2011:3) sums up the benefits of good records management in the following list. According to Fermi National Accelerator Laboratory (2011:3), good records management leads to:

- Increased accessibility to information – faster search and retrieval. Data is now available regardless of where the original document is filed.
- Improved efficiency and productivity. Records management makes information available timely which improves production through quicker decision making.
- Reduced operating costs. Through consulting records, businesses will be aware of unnecessary resources in production operations.
- Retention and reusability of organization knowledge. It helps in learning from the past for better decisions in future.
- Safeguard vital information. Records are kept safe and protected.
- Better support for management decision-making. Decision makers have access to the necessary information required to make educated decisions.
- Preservation of business memory for scientific research.
- Improved innovation and creativity through enhanced business knowledge management;
- Reduced storage costs associated with keeping only required records and
- Reduced staff costs due to efficient performance of information related tasks.

In addition to the above, Kasim (2011:174) states that records provides a variety of benefits that can be categorized as administrative, financial, operational, legal and evidential values.

Considering the above, and as stated in Chapter 2, in today's information age, records are strategic resources. Kasim (2011:171) confirms that records contain information that serves as a valuable resource to an organisation. It is therefore logical to also say that the ability to manage records well is equally a strategic resource.

3.6.1 RECORDS MANAGEMENT AS A STRATEGIC RESOURCE

State Library and Archives of Florida, (2009:4) asserts that records management is a key driver in increasing organisational efficiency and offers significant business benefits. It further states that records management saves time, facilitates sharing of information, minimizes the risk of business, and improves business planning. It is therefore importance that records management be incorporated into strategic planning of small businesses. Kasim (2011:171) alludes to this by expressing the view that as a strategic resource, information is strongly related to the resource-based view of the firm in the strategic management process.

Actually, decision-makers need information that is available in records to make informed strategic decisions. Informed strategic decisions are those that are taken based on business records. For example, records are crucial in monitoring finances of the business and in planning and setting goals for the future. Borglund and Oberg (2006:12) consent that records can be used to support different decisions within an organisation. Kanzi (2010:18) points out that by not using past experience documented in records, a business will be limiting the effectiveness of managing its current operations.

In view of the above discussion, records management can be viewed as a strategic resource for small businesses. Records provide information and evidence of the functions carried out and is thus critical to small businesses (Sebina, 2006:2). Records should be used to support business. Without good records management, businesses would have a

hard time reaching its customers, suppliers and employees or other stakeholders. However, records on their own are worthless unless they are strategically used. For example, records would be useful when consulted for planning for the business. Ngoepe (2008:49) asserts that it is important for small business to devise a strategy for introducing records management. When decision makers have the right information readily available it will lead to a competitive advantage. Records of decisions taken previously will guide decision makers to make future strategic decisions. Records management allows businesses to access information to evaluate the consequences of the decisions made. Regular reference to business records should therefore help a business operate more efficiently by for example controlling cash flow and in monitoring and evaluating success or failure.

The above discussion suggests that effective records management could strategically help business growth and success. Not surprisingly Jones (2003:6) cited in Bailey and Hyslop (2009:6) notes, "Good records management practice is an investment for the organization". The next sections discusses the linkage between records management and business performance to determine whether good records management is indeed a good investment for the organisation as claimed by Hyslop(2009:6).

3.7 RECORDS MANAGEMENT AND BUSINESS PERFORMANCE

Bailey and Hyslop (2009:6) observe that records management is a core function of an organisation in the same way that human resources or financial services are. They further support this by asserting that records management program must exist because the function of managing recorded information is a necessity. Makhura (2005:17) adds that for a business to assure its future, records should receive the same level of attention and commitment as any other business resource.

Records management seems to be a necessity for good business management. Smith (2007:36) states that good records management contributes to strengthening the business and achieving the goals of efficiency, accountability and good governance. Saffady (2011:38) agrees by stating that recorded information is a strategic asset that makes direct, significant and an indispensable contribution to businesses' objectives, efficiency, and effectiveness. From the above, it can be deduced that records management is increasingly used as a business resource to improve business performance.

According to Saffady (2011:38), systematic records management can deliver savings that have a direct, beneficial impact on the bottom line. Efficient record-keeping contributes to profitability by lowering cost of doing business. Yosuf (2008:219) points out that businesses are encouraged to adopt records management in order to remain competent in their respective firms. Records management could differentiate a well to-do-business from those non-performing ones. Smith (2007:5) and Yosuf (2008:219) maintain that it has been widely accepted that information is now regarded as an asset equivalent to capital, manpower and physical assets. To support this, Sampson (2002) argued that an effective records management could make the difference between mere survival and prosperity.

Yosuf (2008:219) further states that businesses depend on information to develop products and services, make critical strategic decisions, protect property rights, propel marketing, manage projects, process transactions, service customers and generate revenue. That information is contained in the organization's business records. Business records like other resources are therefore strategic and operational assets. Businesses that manage their records well reap immediate benefits in terms of being able to utilize all available information resources for competitive advantage (Chinyemba & Ngulube, 2005:3).

Small businesses can save time when in court by falling on their records and thereby save money. To support this, Sampson (2002:12), maintains that proper records management may prevent or minimize the risk of losses in court proceedings.

Corporate Storage Services (2010:2) and University College Dublin (2004) state that managing records is a core activity within business processes, and that businesses need effective records management to help them in their quest for success. Corporate Storage Services further states if business wants to stay in trade for a long time it need an effectual records management practice.

By using records management, businesses reduce costs, reduce risks or uncertainty, protect privacy, add value to existing services and preserve knowledge as one of business's most important assets (Red Deer College, 2009). Kennerley and Mason (2008:2) further pointed out that by managing information, a business supports effective decision making, preserves the business's memory, and safeguards important documents.

According to Bailey and Hyslop (2009:6), intangible benefits, particularly those relating to legal and regulatory compliance, accountability and standards of corporate governance, continue to occupy a prominent place in our professional arsenal and are likely to remain so for a foreseeable future. Bailey and Hyslop (2009:6) further add that with access to the right data to prove efficiency, return on investment and benefits realisation, the arguments in favour of continued investment in records management should be strengthened.

3.8 RECORDS MANAGEMENT IN SMALL BUSINESSES

Based on the earlier definitions, records for small businesses would mean any form of information that is stored with the intention of using it for some future purpose in small business operation. It is not only about keeping records, but also the proper management of business records goes a long way in keeping small businesses established. Thus for the hair salon setup, records have the potential of being created every day. Owners/managers would do well by keeping and managing them effectively.

3.8.1 MAKING THE CASE FOR GOOD RECORDS MANAGEMENT IN HAIR SALONS

In spite of the apparent importance of good records management alluded to in the previous sections, hair salons may fail to realise this for various reasons. For example hair salons may not see good records management as something that could add value to their business operations because they may perceive it as a waste of precious time. However, in today's fierce competitive hair salon business environment caused by the proliferation of these business set ups, and where every hair salon needs every advantage it can garner, not keeping accurate and complete records may mean disaster.

Good records management is good for small businesses. Kahn and Blair (2004:8) asserts that good records management allow small businesses to easily access and reproduce information on demand, regardless of location or form. Records are also needed for the proper functioning of the organisation in its business life but these records must be relevant to decision making. Hair salons may use records management to track customers who may otherwise be lost to other competitors and to accurately gauge their level of performance.

According to Dearstyne (2011:23), information is recognised as being essential for productivity and competitive advantage. Kemoni and Ngulube (2008:301) and Makhura (2005:1) agree that good records management is vital to a business because it facilitates free flow of information that ensures timely and rapid availability of information when most needed. Hence Kahn and Blair (2004:9) maintain that, *“records management is not a luxury that only ‘the few’ can afford, but a discipline that must gain greater visibility and haulage in businesses”*. These authors also point out that records management not only plays a major role in protecting legal interests, but it also promotes the interests of the owners by increasing business transparency, accountability and efficiency. According to Cox (2001:15), Sundqvist (2007:630) and State Library and Archives of Florida, (2009:5) businesses need to manage records in order to meet legal, fiscal and administrative requirements. These points above clearly shows that even in small businesses such as hair salons, information is needed to improve productivity by making a better decision on time.

Smith (2007:4) makes the point that records form part of the memory of a business and are a valuable resource. This author further adds that information is the real lifeblood of any business.

The above discussion clearly shows how important records and the good management of records are to businesses. Therefore, regardless of size, good records management is critically important to businesses that operate in a highly competitive environment such as hair salons find themselves in. It therefore makes sense to conclude that hair salons that engage in good records management systems will record better economic results.

3.9 CONCEPTUAL FRAMEWORK

In order to come up with a suitable records management model for hair salons, this study mainly adopted the records life cycle approach discussed above with a few elements of the records continuum. This is to come up with a conceptual framework that caters for both electronic and paper-based records. Most small businesses are paper-based, hence records life cycle will be the spine of this study. Despite its shortcomings, life cycle theory provides the basic framework for paper based records management, whereas records continuum provides a multidimensional view of electronic records management (Legodi, 2010:25). Hybrid environment that exists in relations to paper and electronic records compels this study to adopt a combination of both models. According to Ngoepe (2009:11), the continuum model should be looked at as an additional strategy that is useful for managing records in the electronic environment. Therefore, this study also incorporates records continuum in the conceptual framework to reflect the perpetual nature of records management. According to Borglund and Oberg (2007:2) in the continuum method records remain active until they are destroyed. Legodi (2010:24) further agrees that inactive records can become active at any time in the records continuum model.

3.9.1 A HYBRID RECORDS MANAGEMENT FRAMEWORK FOR HAIR SALONS

Consistent with the records life cycle model (Red Deer College,2009; Government of South Australia, 2011; Hoke, 2011:29), the framework (see Figure 3.3) consists of the following steps.

Create and capture or receive. This stage is considered both models. In this stage, records are created, captured, or received through business transactions.

Use. After the creation stage, records are actively used on a daily basis. The use of records for hair salons would be to make decisions, improve performance and for referencing purposes. This is considered the more active stage of the Hybrid Records Life Cycle.

Maintenance. This is the stage where records would be kept and managed to avoid the loss of important records. At this stage, records are retrieved, filed and transferred. This is considered the busiest stage in this model.

Archives. Here records are kept for their continuing value to the business. At this stage, records are not destroyed as they could go back through the beginning stage. For this study, records are not kept offsite as they might be needed anytime. In this model, records have a continuing value to the hair salon and they remain active in all their stages concurrently. Figure 3.3 illustrates the conceptual framework for this study.

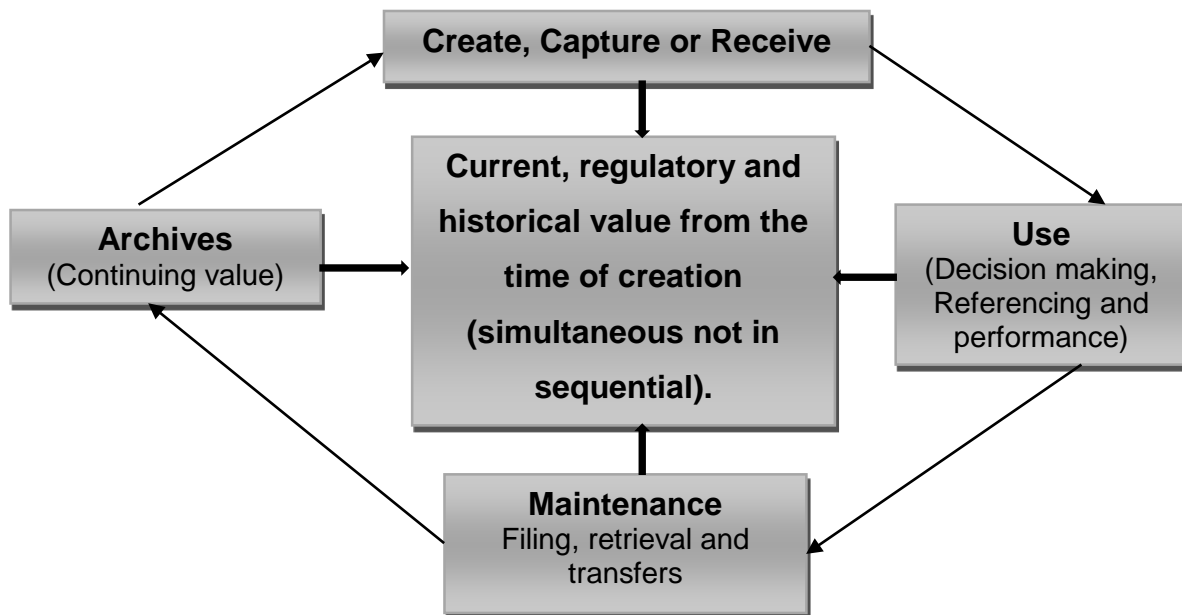


Figure 3.3 Hybrid records life cycle

Based on: (Red Deer College,2009; Government of South Australia, 2011; Hoke, 2011:29).

3.10 SUMMARY

It is common knowledge that this is the information age. Accordingly, owners/managers of small businesses have to move with the times by keeping records of their businesses, to be at par or ahead of their competitors. The proliferation of hair salons could be an indicator that the managers/owners have to start taking records of their business seriously in order to remain competitive. There is also proliferation of electronic records and businesses should be aware of it to be able to control it by managing electronic documents effectively.

From the literature review, it seems clear that effective records management practices can impact positively on the performance of small businesses. To be specific poor, record-keeping will adversely affect the effective functioning of small businesses. Small businesses/hair salons which want to grow and improve their businesses should manage their records on an everyday basis.

In conclusion, given that businesses need records to function effectively, it is only logical that hair salons practice good records management. The next chapter looks at the research methodology followed in the study.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 INTRODUCTION

The previous chapter reviewed the literature on records management with specific reference to a small service business - *hair salons*. This chapter presents the research methodology followed in the empirical study. Specifically, this chapter presents the research design, the target population, sampling procedure, data collection and data analysis. Before proceeding to the methodology applied, it is considered important to first recapitulate the problem under investigation as well as the specific research questions.

4.2 RE-STATEMENT OF THE RESEARCH QUESTIONS

To recap, as stated in Chapter 1, the purpose of this study was to assess the status of records management among hair salons in Dr. Ruth Segomotsi Mompati District Municipality. Thus, the main research question investigated came down to what is the status of records management among hair salons in Dr. Ruth Segomotsi Mompati District Municipality? And the following being the research questions.

1. To what extent do hair salons keep records?
2. Are hair salons aware of the importance of records management?
3. Do hair salons owners/managers who keep records know how to utilise them?
4. What is the attitude of hair salons owners/managers towards records management?
5. Is there a link between records management and business performance?
6. What would be the most affordable yet effective records management system for hair salons?

4.3 RESEARCH OBJECTIVES

As stated in Chapter 1, the main objective was to ascertain the extent to which hair salons in Dr Ruth S Mompoti District municipality practice good records management in accordance with good records management practices. The main objective was achieved through the following subsidiary objectives.

1. To determine the extent to which hair salons in Dr Ruth Segomotsi Mompoti district municipality have made record keeping a formal office routine.
2. To establish whether there is any relationship between records management and business performance.
3. To determine the extent to which hair salons utilise their records in decision making
4. To determine the attitude of a hair salon owner / manager towards record keeping.
5. To provide guidelines for hair salons on how to establish affordable yet effective records management.

4.4 RESEARCH DESIGN

Terre Blanche, Durrheim and Painter (2006:34) posit that research design refers to the strategic framework serving as a bridge between research questions and the execution of the research. Additionally, Bryman and Bell (2011:40) assert that research design provides a framework for the collection and analysis of data. Makhura (2005:73) explained research design further as a programme that guides the researcher in collecting, analysing and interpreting observed facts. For Watson (2004:96), research design describes how participants are going to be used with the view of reaching conclusions about the research problem. Furthermore, Terre Blanche, Durrheim and Painter (2006:34) state that a research design provides a plan that specifies how the research is going to be executed in such a way that it answers the research question or questions. Based on these definitions one can say that research design refers to the *road map guiding a research endeavour from beginning to the end of the research project*.

Broadly speaking, research design can be classified under two categories namely quantitative research and qualitative research (Terre Blanche et al. 2006:6). Quantitative research strategy emphasizes quantification in the collection and analysis of data. On the other hand, qualitative research usually puts emphasis on words rather than numbers (Terre Blanche et al. 2006:6). Furthermore, Leedy and Ormrod (2005:94) affirm that the quantitative design allows the researcher to answer questions about relationships among measurable variables with the purpose of explaining, predicting and controlling phenomena. In contrast, the qualitative design allows the researcher to answer questions about the complex nature of the phenomena.

Against this background, this exploratory study falls under quantitative design. That is, data was collected in the form of numbers and subjected to statistical analysis which produced numerical information.

The researcher conducted a descriptive research. Leedy and Ormrod (2005:179) add that descriptive study examines a situation as it is at the time of the study. Descriptive research, according to Singh and Nath (2010:250) seeks to find answers to questions through the production of statistics such as means, mode, median, range, frequency tables. The researcher conducted a descriptive research to understand and then describe records management in the hair salons investigated.

Survey research was used whereby questionnaires were compiled and administered to the population sample-hair salon owners/managers. Survey research attempts to study directly the characteristics, opinions, attitudes, or previous experiences of a population through the use of surveys (Salkind et al. 2005:183). The questionnaires were administered to a sample of 251 hair salon owners/managers.

4.5 POPULATION AND SAMPLING

4.5.1 TARGET POPULATION

A population is a group of potential participants to whom the results of the study is generalised to (Salkind, 2009:89). The target population for investigating records management practices in hair salons is all hair salons in the Dr. Ruth Segomotsi Mompoti District Municipality. Due to lack of a formal sample frame, four research assistants were recruited and used to compile a sampling frame from which participants were drawn. The resultant sampling frame totalled 725 hair salons.

4.5.2 SAMPLING METHOD

Dr. Ruth S Mompoti District Municipality is large and has isolated areas which given financial and time constraints, made it impossible to include every population element in the study. Terre Blanche et al. (2006:49) justify sampling when population size, accessibility, money and time constraints exist. Makhura (2005:79) affirms that a sample can be chosen to represent a population.

A sample is the section of the population being chosen to be studied. According to de Vos et al. (2011:228) two major groups of sampling procedure exist – probability and non-probability sampling. Bryman and Bell (2009:176) describe both sampling methods as follows: in probability sampling, each unit in the population has a known chance of being selected whilst in non-probability sampling units' chances of inclusion are not known. Bryman and Bell (2009:185) and Terre Blanche et al. (2006:139) agree that the main advantage of probability sampling is that the results can be generalised to the entire population. On the other hand compared to probability sampling, non-probability sampling is more convenient and has a better response rate. The authors also concur that a major disadvantage of probability sampling is that it is more expensive and more difficult to obtain, whereas non-probability sampling often result in biases.

Against the above background, probability sampling was selected for this study. A major advantage of this sampling method is that theoretically, the sample accurately resembles the parameters of the population they were selected from (Terre Blanche et al. 2006:139, Singh & Nath, 2010:164). Furthermore the researcher used this sampling in order to give every member of the population a known chance of being selected (Salkind, 2007:90). Therefore it will be logical to generalise to the population.

Probability sampling can be classified as simple random, systematic, stratified random, cluster and panel sampling. Cluster sampling method was used to select sample from a population. Salkind (2009:96) articulates that in cluster sampling units of individuals are selected instead of individual themselves. Cluster sampling was use because the municipality has isolated villages so it was never going to be easy to reach every nook and corner of the district.

Dr. Ruth S Mompoti district municipality consists of six local municipalities, which are: Naledi, Greater Taung, Kagisano-Molopo, Schwetzer-Reneke, Lekwa-Temane and Mamusa. Because of financial constraints, the researcher randomly selected only two out of these six municipalities. These areas are Naledi and Greater Taung local municipalities. Samples of hair salons were then selected in a simple random manner from these two municipalities.

4.5.3 SAMPLE SIZE

As stated earlier, the sampling frame was 725 hair salons. An internet based sample size calculator was used to calculate the minimum required sample size. The software is freely available from <http://www.macorr.com/sample-size-calculator.htm>. The calculated sample size amounted to a minimum 251 elements.

4.6 DATA COLLECTION

Data are the basic material with which researchers work (Terre Blanche et al. 2006:50). According to Mouton (2011:100), in order to collect data, some form of measuring instrument has to be used. Questionnaires were developed and used to collect data.

Since the owners/managers of hair salons in Dr. Ruth Segomotsi Mompati district municipality are the one who know the administrative side of their business the questionnaires were thus administered to them. Questions were asked based on the Likert scale. Questions were asked in such a way as to cover aspects of the research problem and research questions. Questionnaires were handed to the participants by the researcher personally. By handing questionnaires to the participants, the researcher was able to interpret questions to participants who did not understand (convenience).

4.6.1 QUESTIONNAIRE DESIGN

Because of the unavailability of questionnaires for this study, the researcher designed questionnaire based on research questions of the study. The questionnaire consisted of 34 items of Likert scale format (refer to APPENDIX A). According to Bryman and Bell (2007:240) questions can be pre-coded when using Likert scale, thus turning the processing of data for computer analysis into a simple task. The authors (2007:250) further state that closed ended questions enhance the comparability of answers and they are easy for respondents to complete. The respondents had to select the most appropriate answer from a number of predetermined alternatives. Questionnaires were divided into five different sections.

Section A: this section collected demographic data of owner/manager regarding role in the business, gender, age, educational background, computer literacy as well as business

demographic data regarding years of business in operation, accessibility to computer, of the respondents, and the number of employees in the business.

Section B: the section had questions on records management practices and how well records are kept. This section consists of three different parts. In **part one**, respondents had to indicate who handles business records. In **part two**, participants had to respond to whether their business kept certain types of records. In **part three**, respondents were required to answer on how promptly they keep records of transactions, which types of record keeping system they currently have, their preferred record keeping system, how long they keep records before disposal, their assessment of the safety of business records, and how frequently business records checked.

Section C: this section evaluated respondents' perceptions about the importance of records keeping and attitudes of respondents towards records keeping.

Section D: the section evaluated the use of records in the decision making of owner/managers of hair salons.

Section E: This section evaluated business performance in terms of growth in net profit for the last five years and growth in the number of employees in the last five years.

4.6.2 VALIDITY AND RELIABILITY OF THE STUDY

To obtain valid and reliable data, one must ensure that the measurement procedures and the measurement instruments to be used have acceptable levels of reliability and validity (De Vos et al. 2011:172). Respected levels of reliability and validity are the hallmarks of good measurement (Salkind, 2009:109). Therefore, a measurement instrument needs to

be both valid in reliable. The implication therefore is that, efforts should always be made to ensure that threats to validity are minimised if not totally eliminated when constructing an instrument.

4.6.2.1 Ensuring instrument validity

De Vos et al. (2011:172) describe validity as whether the instrument used actually measures what it was intended to have measured. Validity, as stated by Terre Blanche et al. (2006:90), refers to the degree to which the research conclusions are sound. Furthermore, Salkind (2009:117) maintains that validity is the quality of the test doing what it is designed to do. Validity therefore means the degree to which a measurement instrument measures the construct or concept it is meant to measure.

For this study, the researcher set questions that covered the full spectrum of the research problem and research questions. Questions were asked on the records management practices and the attitude of hair salons managers/owners towards records. The content of the instrument used for this study was evaluated by the experts prior to being administered to the research subjects. Salkind (2009:118) states that opinion of expert can be used to establish content and construct validity of a test. The experts' opinions were incorporated into the final version so that on the face of it the questionnaire can be deemed valid.

4.6.2.2 Reliability

Reliability according to De Vos et al (2011:177) occurs when an instrument measures the same thing more than once and results in the same outcome. Terre Blanche et al. (2006:152) posit that reliability refers to the dependability of a measurement instrument. For this study, the researcher set questionnaires that were clear and simple. A pilot-test was done to check the reliability of the instruments. De Vos et al. (2011:195) point out

that pilot test can be either conducted on the potential respondents or on experts. For this study the questionnaire was assessed by the experts to check if it was reliable. Comments obtained from the experts were again incorporated into the final questionnaire.

4.7 DATA ANALYSIS

De Vos et al. (2011:249) state that the purpose of data analysis is to reduce data to an understandable and interpretable form, so that conclusions can be drawn. Data from the questionnaires was subjected to statistical analysis using the statistical program SPSS version 21. This was done under the guidance of an experienced statistician. The analysis produced both descriptive and inferential statistics. Analysis of data produces either or both descriptive statistics and inferential statistics which are used for different purposes.

4.7.1 DESCRIPTIVE STATISTICS

Descriptive statistics as the name suggests is used to describe characteristics of the phenomenon under investigation (De Vos et al. 2011:251). Descriptive statistics consists of the point of central tendency, amount of variability and the extent to which different variables are related to one another. In this study, the descriptive statistics produced were means, percentages, variances, and correlation coefficients which were displayed in tables, pie charts, bar charts and cross-tabulations. Details of the descriptive statistics used is provided in the next chapter.

4.7.2 INFERENTIAL STATISTICS

Inferential statistics are used to draw conclusion about populations based on sample data. This method is used both to make estimations of population characteristics from the sample and to establish whether relationships within a sample can be expected to assist

in predicting relationship in the population from which the sample is drawn (De Vos et al. 2011:25; Salkind, 2009:171).

There are various types of inferential statistical techniques that are placed under two categories namely parametric and non-parametric statistics. The type of data collected determines whether a researcher can use a parametric technique or a non-parametric statistics. The rule is that categorical (nominal and ordinal) data must be analysed using a non-parametric statistics whilst scale data (interval and ratio) must be analysed parametric statistical technique. As stated earlier, the Likert scale was used to collect data which at best produces ordinal. As a result, a non-parametric statistics in the form of Fisher's exact test was used to test a relationship between variables and Cramer's value was used to measure the strength of the relationship between two variables (see details in Chapter 5).

4.8 ETHICAL CONSIDERATIONS

De Vos et al. (2011:114) defines research ethics as a set of moral principles subsequently broadly accepted, which offers rules and behavioural expectations about the correct conduct towards experimental subjects and respondents. It therefore, should be the responsibility of the researchers to adhere to the ethics of research. The following are ethical issues relevant to this study and which the researcher considered

4.8.1 VOLUNTARY PARTICIPATION

Leedy and Ormrod (2005:101) state that any participation in a study should be strictly voluntary. In this study, respondents were given freedom to decide whether to participate or not, therefore participants were not forced to participate.

4.8.2 INFORMED CONSENT

Terre Blanche, Durrheim and Painter (2006:72) state that researchers must provide potential participants with clear, detailed and factual information about the study. Furthermore, participants need to be given choice of either to participate or not (Leedy and Ormrod, 2005:102). For this purpose, the researcher attached a covering letter on the questionnaires describing the purpose of the study (Refer to appendix A).

4.8.3 CONFIDENTIALITY/ANONYMITY

Leedy and Ormrod (2005:102) maintained that research report should not be presented in such a way that others become aware of how a particular participant has responded. For this study researcher assured respondents of their anonymity. Salkind (2009:82) affirms that confidentiality is maintained when anything that is learned about the participant is held in the strictest of confidence. Data collected was not exposed to anyone except to those involved in the research.

4.8.4 PRIVACY

Salkind (2009:80) asserts that researchers should not invade private space of respondents to collect data. Respondents were asked for their availability when data was collected, Therefore respondents' privacy was not invaded in anyway by the researcher.

4.9 SUMMARY

This chapter described the research methodology followed in this study. Quantitative methods were used. The chapter further explained how data was collected and described aspects of the instrument used. It also explained how data collected was analysed. Ethical issues were also discussed. The next chapter presents the results and interpretation of those results.

CHAPTER 5: RESULT

5.1 INTRODUCTION

The purpose of this study was to investigate records management practices of hair salons in Dr. Ruth Segomotsi Mompati district municipality. The previous chapter presented the research methodology followed in executing this task. The purpose of this chapter is twofold. Firstly, to presents the result of the data analysis and secondly, to discuss the findings of the study.

5.2 RESPONSE RATE

Out of the 251 questionnaires sent out, only 137 were correctly filled and returned – representing a response rate of 55%. According to Bryman and Bell (2011:236) a response rate below 50% is not acceptable that means 55% response rate is adequate for data analysis. Considering that Bavdaz, Drnovsek and Dolinar (2009:190) also acknowledge that there is a growing evidence that achieving a response rate maybe be difficult when surveying small business populations, the 55% response rate for this study is thus deemed acceptable.

5.3 DEMOGRAPHICS

This section provides an overview of the demographic profile of the sample. The demographics information was gathered regarding the role in the business, gender, age and educational status of the respondents. Information regarding number of years the business have been in operation, business' access to computer, computer literacy of respondents, and number of employees in the business excluding the owner were also gathered in this section.

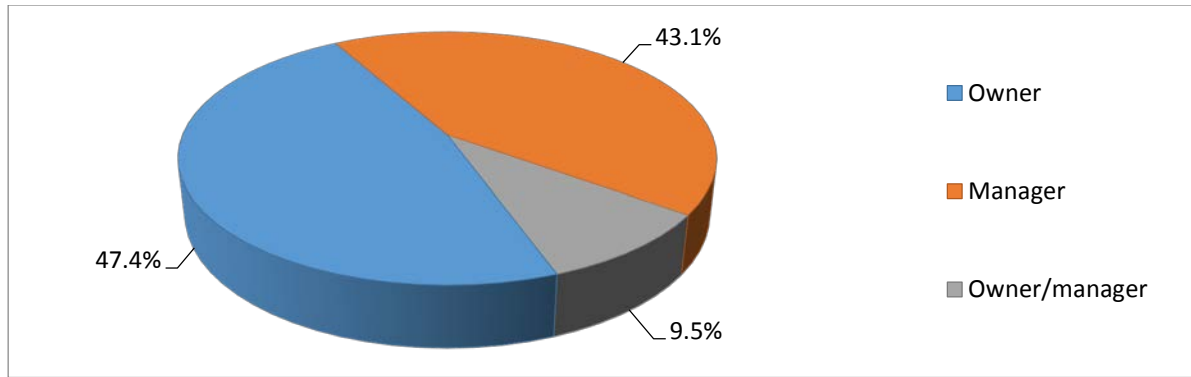


Figure 5.1: Role of respondent in business

Figure 5.1 shows that 47.4% of the respondents were owners but take no part in the management of the business. This is followed by 43.1% who manage the business but do not own it and only a small fraction (9.5%) of owners also manage the businesses.

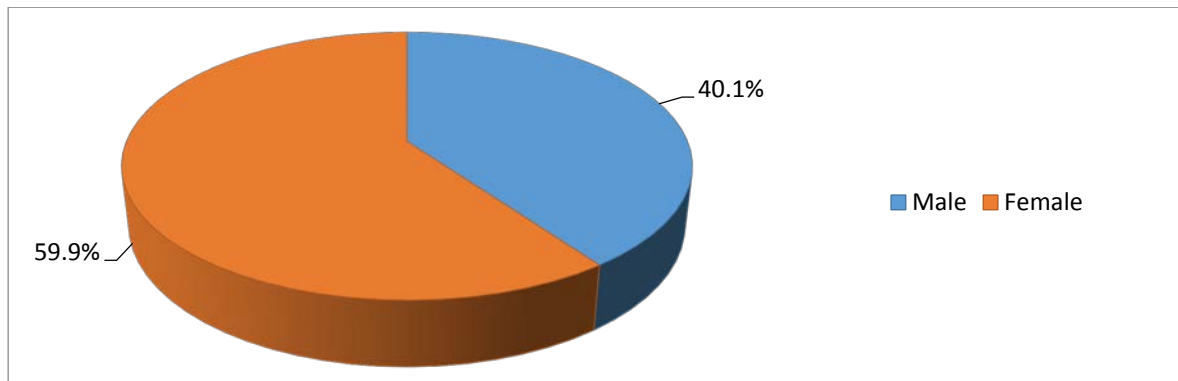


Figure 5.2: Gender of respondents

Figure 5.2 shows that majority (60%) of the respondents were female whilst 40% were male. This statistics is not surprising because hair business has always been seen as a female domain. Amoakoh (2012: 80) in a study on hair salons in the same research locale found that 52% of owners were female and 48% male. Another study conducted by Perks and Austin (2013:324) in the Eastern Cape Province had 75% of owners being female and only 25% being male. These findings show that while the ownership gap of hair

salons in the current research locale may be somewhat widening it is essentially a female dominated industry.

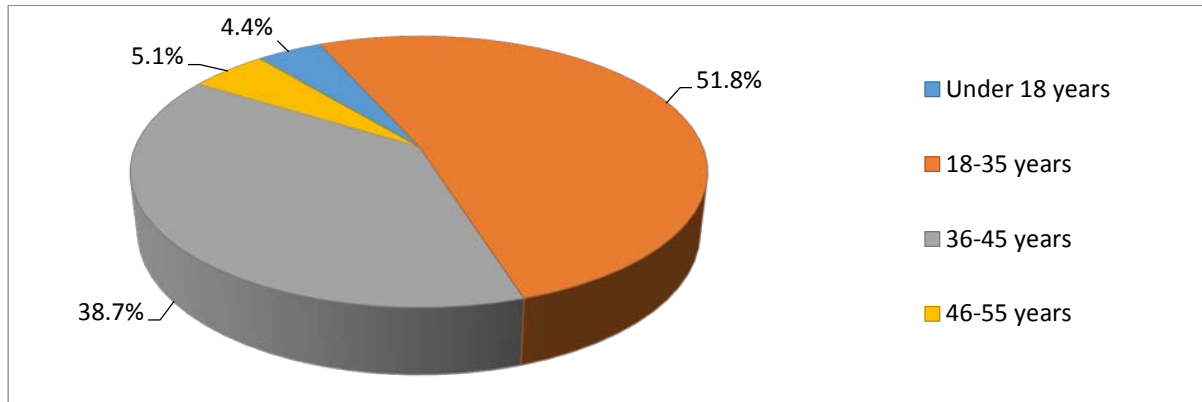


Figure 5.3: Age of respondents

Based on Figure 5.3, it is quite clear that with a 51.8%, the youth - between the ages of 18-35 dominate the salon business. This is closely followed by the age group 36-45 years who number 38.7%. A small percentage (4.4%) was under 18 years and over 46 accounted for only 5.1%. The significance of this statistics is that all the respondents belong to what can be termed economically active population. This means that the hair salon business is a key employer of the economically active population in the research area.

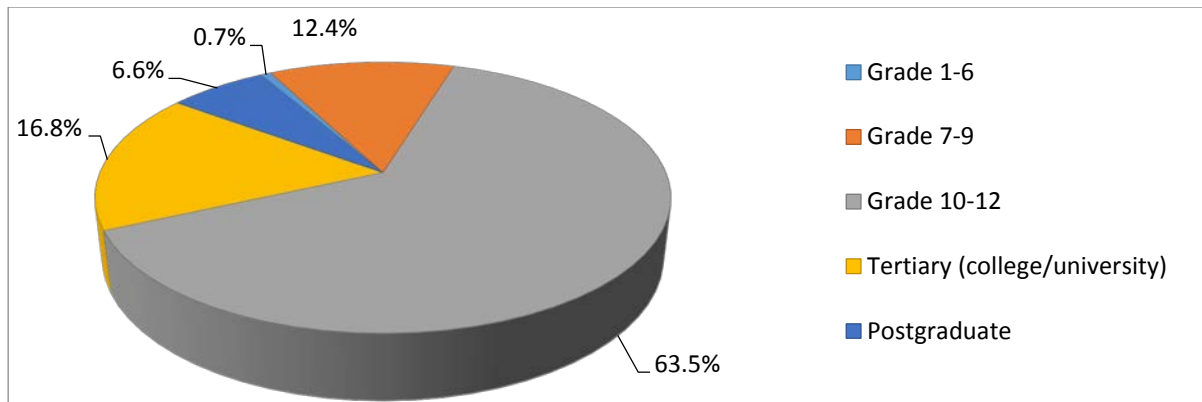


Figure 5.4: Educational status of respondent

Figure 5.4 illustrates the variety of qualifications across the sample. The majority (63.5%) of the respondents had reached grade 10-12. While 16.8% have tertiary qualifications and a further 6.6% have postgraduate qualifications. 12.4% respondents were between grades 7-9. The less literate respondents who possess between grades 1-6 account for only 0.7%. This shows that overall, hair salon operators are quite literate and this augurs well for records keeping bearing in mind that literacy is important for writing therefore for record keeping. The results again mirror those of Amoakoh (2012:80) where 99% of owners had at least Matric qualification.

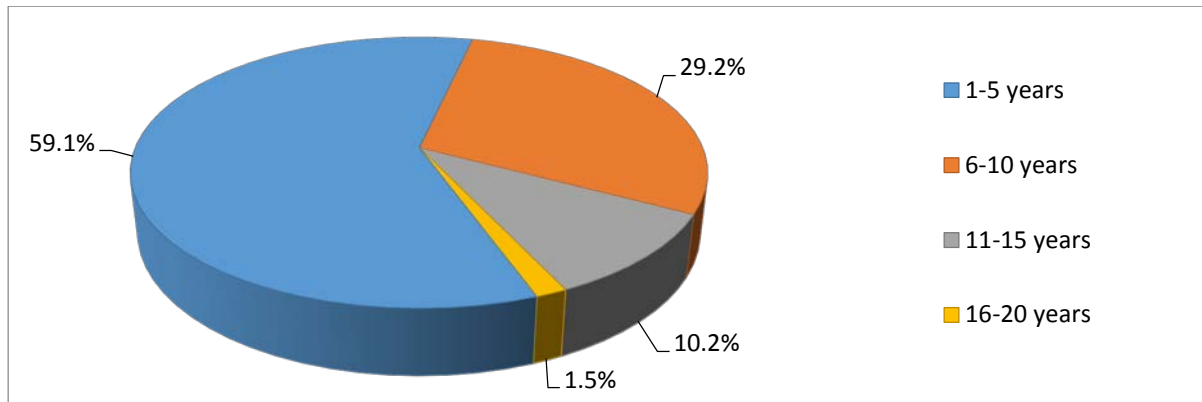


Figure 5.5: Number of years that the business has been in operation

Figure 5.5 shows that majority (59.1%) of the salons are relatively new (1-5 years) in operation.

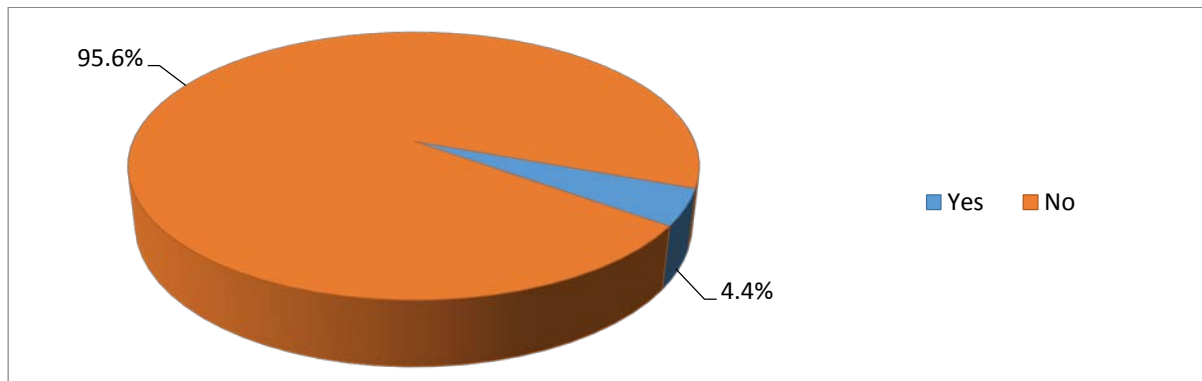


Figure 5.6: Access to computer

Figure 5.6 above shows that only a small fraction 4.4% of respondents has access to computer in their businesses. This situation is dire and bound to impact on ability to keep electronic records.

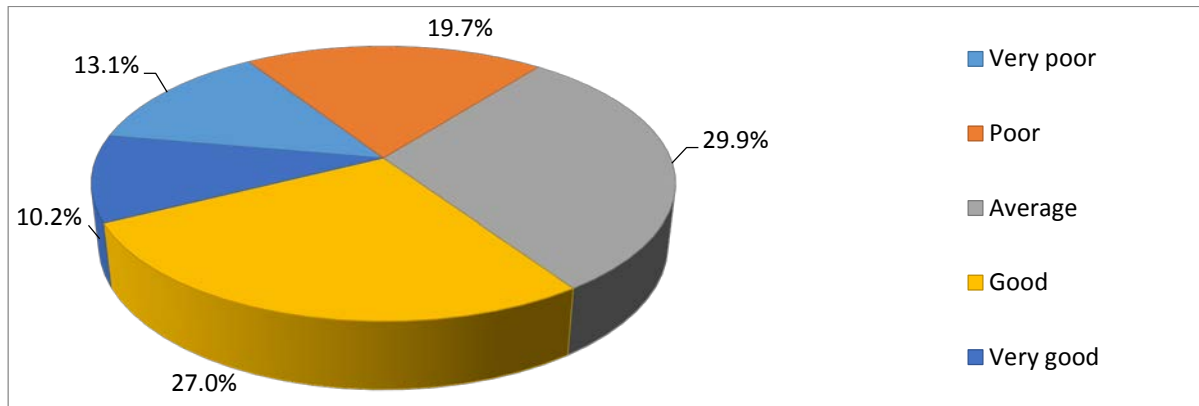


Figure 5.7: Computer literacy of respondents

Figure 5.7 illustrates that 13.1% of respondents are very poor in computer usage whilst 10.2% rate themselves as poor. On the other hand, 29.9% of respondents rated themselves as average with 27.0% respondents rating themselves as good and 10.2% as very good. On the average, about 67% of the respondents appear to be conversant with computers. So, it is fair to say that generally, salon operators are computer literate meaning that if given access to computers, there is a reasonable chance that they can use computers for electronic records keeping.

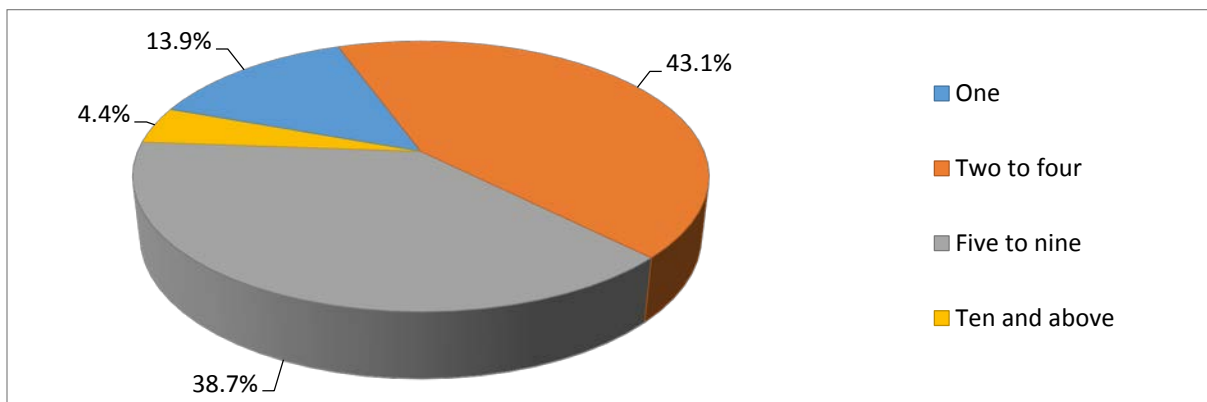


Figure 5.8: Number of employees excluding owner

The largest proportion of the salons (43.1%) employs between two to four workers, followed by those who had employed between 5 -9 employees (38.7%). On the other hand, 13.9% respondents had only one employee in their businesses and 4.4% of respondents had employed 10 and more in their businesses. Considering these figures in relation to definition of the small business sector, one can say that most of the hair salons fall under micro enterprises.

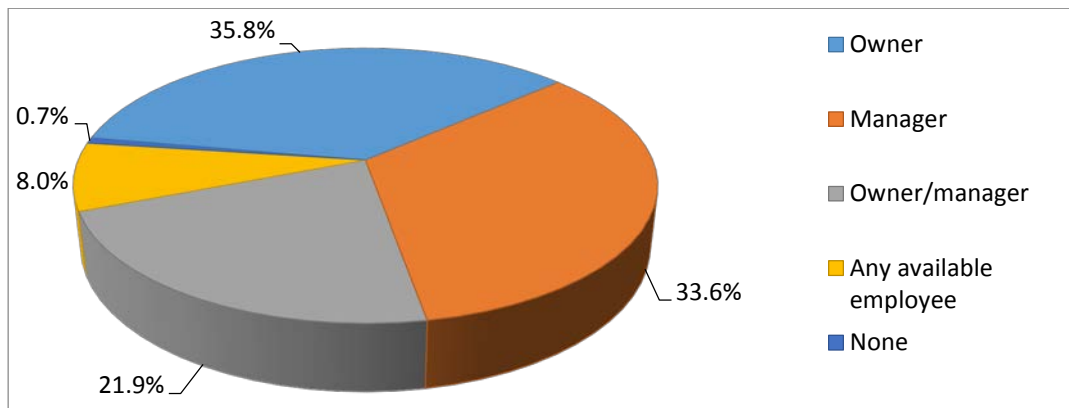


Figure 5.9: Person who handles business records

Figure 5.9 reveals that a large fraction (35.8%) of business records is handled by the owner of the business. Slightly below owners are managers (33.6%) who handles business records, followed by owners/managers (21.9%). There was only 8.0% of response rate for records handled by any available employees. Only 0.7% responded that there is no one who handles the records in the business. This result shows that hair salons owners who keep records prefer to handle the records him/herself.

5.4 RESULTS AND DISCUSSION ON RESEARCH QUESTIONS

This section presents results of statistical analysis and discusses research questions investigated in the study. Pie charts, percentages and cross-tabulations were used to discuss the results. Fisher's exact test was used to determine statistical significance of different variables. The strength of the relationship between variables was measured by using Cramer' V.

5.4.1. THE EXTENT TO WHICH HAIR SALONS KEEP RECORDS

The section was evaluating whether respondents practice records management and for those who do, how well they keep records. This relates to the first research question which investigates the extent to which hair salons keep records.

Table 5.1: How well business keeps different types of records

Types of records	Does not keep records		Keep up to date records	
	N	%	N	%
Daily sales	32	23.4%	105	76.6%
Hair products inventory	34	24.8%	103	75.2%
Bank transactions	38	27.8%	99	72.3%
Purchases	41	29.9%	96	70.1%
Employee earnings	49	35.8%	88	64.2%
Employee attendance	54	39.4%	83	60.6%
Daily client service – treatments	55	40.1%	82	59.9%
Financial statements	55	40.1%	82	59.9%
Equipment register	74	54%	63	46.0%
Client complaints	84	61.4%	53	38.7%
Client contact numbers	86	62.8%	51	37.2%
Average	39.9%		60.1%	

Table 5.1 reveals an average of 60.1% respondents keep most of the various types of records up to date and an average of 39.9% respondents does not keep various records up to date. For example, most respondents (76.6%) said they keep their daily sales records up to date and as few as 23.4% respondents do not keep their records up to date or the records does not exist at all. However as the table shows, hair salons do not keep all business records up to date. For example, only 37.2% keep their clients contact numbers up to date and 62.8% of respondents reported that they do not keep client contact numbers.

Therefore most hair salons in the research area keep records of their businesses. Against this finding hair salons should start to keep all important records the business generates

up to date. Since records are a means of providing evidence of business activity or of remembering events and transactions that have occurred (Ngoepe, 2008:37).

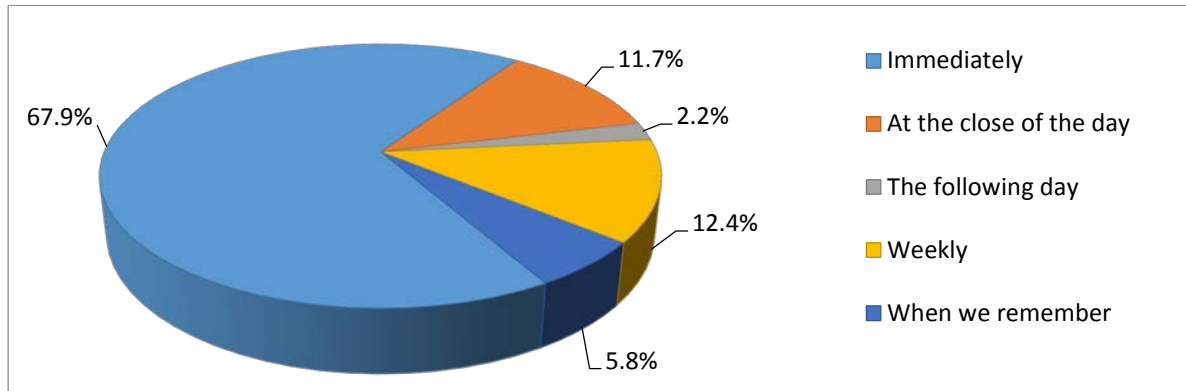


Figure 5.10: How promptly transaction or an event is recorded

As shown in Figure 5.10 majority (67.9%) of businesses record transactions immediately; a small fraction (11.7%) record transactions at the close of each day; and a further 2.2% record on the following day. On the other hand, 12.4% of respondents said they wait until the end of the week to record their transactions. The same Table 5.10 shows that 5.8% of the salons record transactions when they remember. Judging by these figures whereby almost 80% of the respondent's record transactions by the close of the day, one can conveniently say that to large extent, hair salons keep timeous records. In spite of this positive finding, it is still worrying that 20% of the businesses do not pay much attention to timely records keeping.

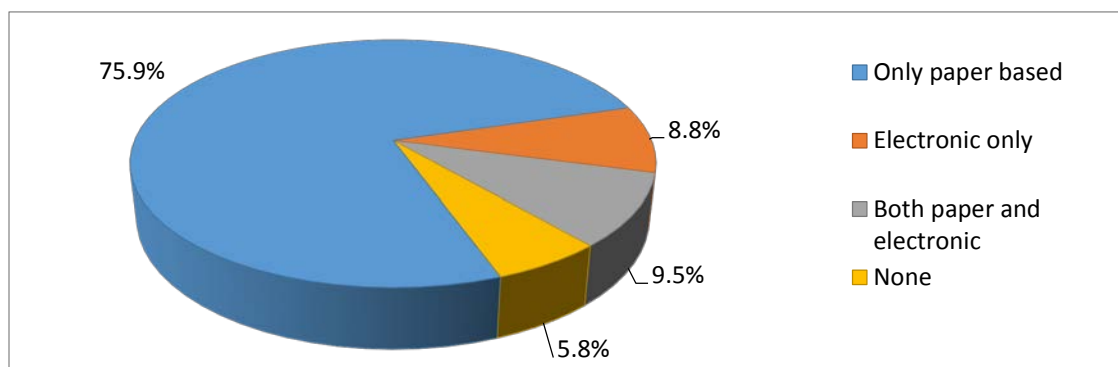


Figure 5.11: Type of record keeping system

According to Table 5.11, a large majority (75.9%) of salons keep paper based records. This finding is consistent with literature evidence in Chapter 3 which state that small businesses use mainly paper-based records. Those who use both paper and electronic record keeping system were only 9.5% whilst only 8.8% use electronic system only. This means that 18.3% keep electronic record. In this modern electronic age, this percentage is rather too low. Given that majority (67%) are computer literate. Although only a low percentage (5.8%) of businesses do not keep records, it is still not good enough. In fact, it is inexcusable for any business not to have a record keeping system.

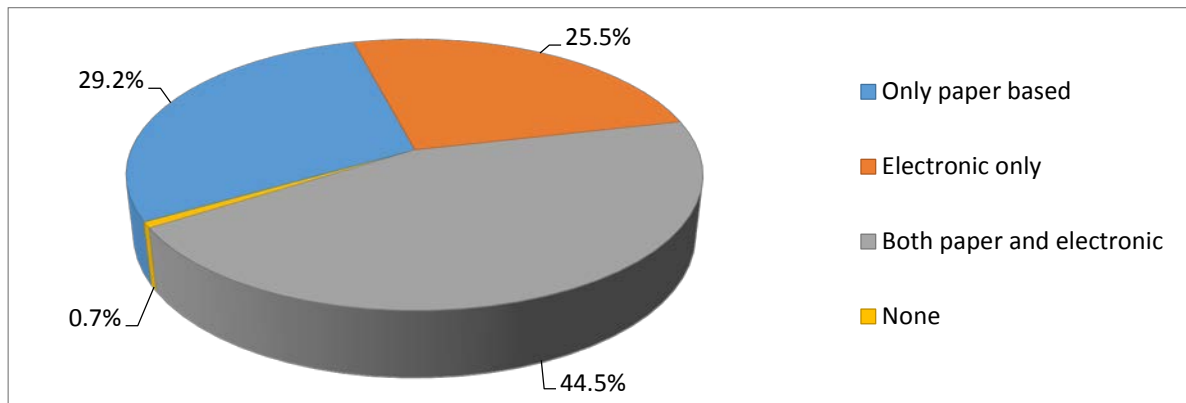


Figure 5.12: Preferred record keeping system

Although a record system may be in existence, this does not necessarily mean it is by choice. Figure 5.12 shows that 44.5% of respondents prefer to use both paper and electronic systems. This contradicts results in Figure 5.11 above which shows that only 9.5% businesses actually keep both electronic and paper based records. Similarly, Figure 5.13 shows that 29.2% prefer only paper based records keeping system yet as much as 75.9% of the businesses keep paper records (see Figure 5.11). Again, whereas, 25.5% would rather use electronic system only, only 8.8% (see Figure 5.11) actually keep only electronic records. The question then is, why do more businesses use a particular record keeping system than they prefer to do?

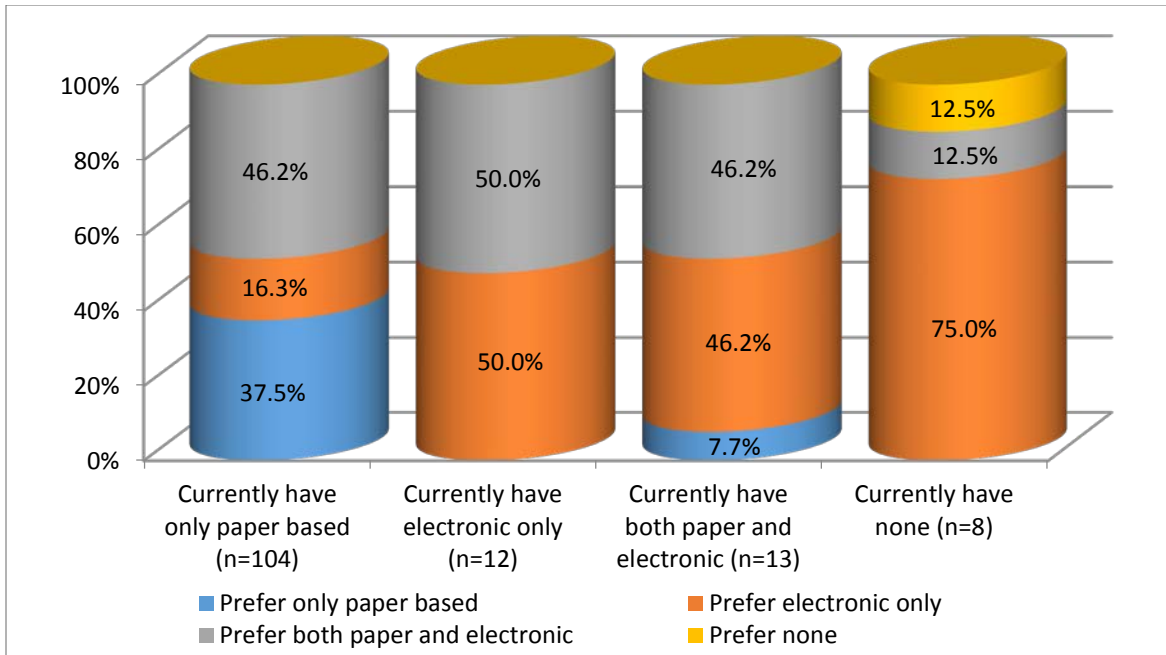


Figure 5.13: Current record keeping system by preferred record keeping system

Figure 5.13 cross-tabulates Figures 5.11 and 5.12 graphically to show current record system in practice versus preferred record keeping system. A careful examination of Figure 5.13 shows that with a percentage of 75%, majority of businesses that currently do not have a record keeping system prefer only electronic system. On the other hand, those businesses that currently have record keeping system prefer a combination of both paper based and electronic record keeping systems.

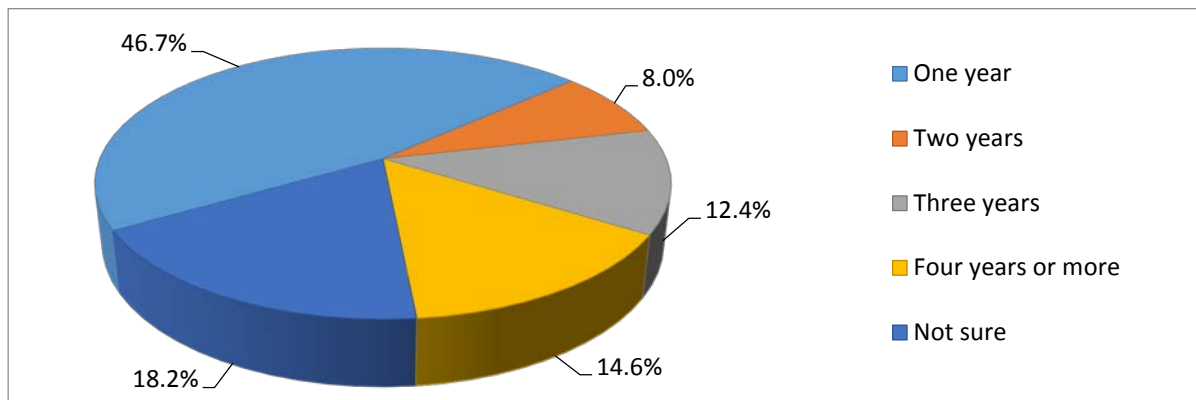


Figure 5.14: How long business keep records

Figure 5.14 reveals that almost half (46.7%) of hair salons keep their business records for only one year before their disposal. On the other hand, only 14.6% of salons keep the business records for four years and longer. This finding comes against the norm of recommended minimum 15 years (Sage, 2013).

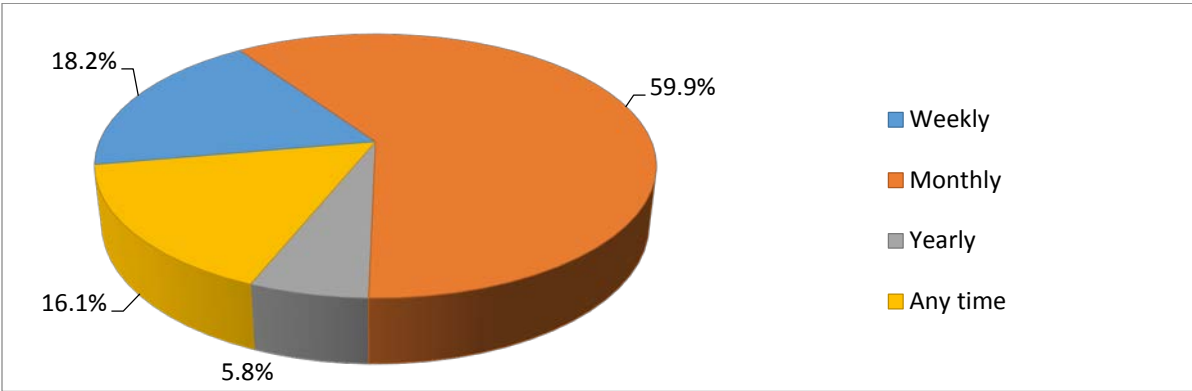


Figure 5.15: Frequency of checking business records

As illustrated in figure 5.15, a large proportion of respondents said their business records are checked on a monthly basis followed by those who said theirs are checked weekly, 16.1% of respondents said their business records are checked any time and only 5.8% of respondents said their business are checked yearly.

5.4.2. HAIR SALONS' UTILISATION OF RECORDS

This section evaluated the utilisation of records in hair salons. The results are presented and interpreted below.

Table 5.2 illustrates how respondents use the records in their business. For example, the table shows that 90.5% of hair salons consult their records when making decisions and only 9.5% do not consult their records. Based on table 5.2, generally an average

percentage of 79.3 respondents utilise business records for various decisions and only an average of 20.7% do not utilise records that their salons generate.

Table 5.2: Percentage analysis of the extent of use of records

Statement	Does not utilise records (Strongly disagree + disagree + don't know)		Utilise records (Agree + strongly agree)	
	N	%	N	%
The business consults its records before introducing new products/ services	22	16%	115	84%
The business consults its records for problem solving	19	13.8%	118	86.2%
The business considers records when setting goals	30	21.9%	107	78.1%
The business consults its records for decision making	13	9.5%	124	90.5
The business considers records for legal purposes	58	42.3%	79	57.6%
Average	20.7%		79.3%	

Table 5.2 shows that most hair salons know the importance and the use of records as stated on literature review in Chapter 3. However, this finding is contradicting assumption by researcher on chapter 1 that “hair salons seem to give little attention to records management”.

5.4.3. ATTITUDE OF HAIR SALON OWNERS/MANAGERS TOWARDS RECORDS MANAGEMENT

This section evaluated perceptions and attitudes of respondents by indicating the extent to which they agree or disagree with the statements regarding the business. The section narrates the fourth research question which seeks to investigate the attitude of hair salons owners/managers towards records management. Results regarding this are presented in table 5.3 below.

Table 5.3 examines the attitude that respondents have towards records management practices in their hair salons. For example, 80.3% respondents agreed that “records management is an important function of the business” whereas only 19.7% disagree with the statement. As shown in the table, the general attitude of respondents towards records management is a positive one (73.6%) and there were only 26.4% respondents who had a negative attitude towards records management.

Table 5.3: Percentage analysis of attitude towards records management

Statement	Negative attitude (Strongly disagree + disagree + don't know)		Positive attitude (agree + strongly agree)	
	N	%	N	%
Records management is an important function of the business	27	19.7	110	80.3
The business considers records as one of the business assets	28	20.4	109	79.6
Effective records management is a key factor in business performance	18	13.1	119	86.9
The business has a recordkeeping competency	50	36.5	87	63.5
Records management cannot be regarded as a waste of time that can be utilized elsewhere	29	21.2	108	78.8
The business has a recordkeeping awareness	41	29.9	96	70.1
It is necessary to keep operational records daily	17	12.4	120	87.6
The business has a recordkeeping policy	80	58.4	57	41.6
Average percentage	26.4%		73.6%	

The above analysis shows that hair salons have a good attitude and perception towards records management practices.

5.4.4. LINKING RECORDS MANAGEMENT AND BUSINESS PERFORMANCE

This section evaluated business performance over the last five years. This is done in order to answer the fourth research question which seeks to investigate the relationship

between records management and business performance. Results are presented in graphs and cross-tabulation tables below and interpretations thereof.

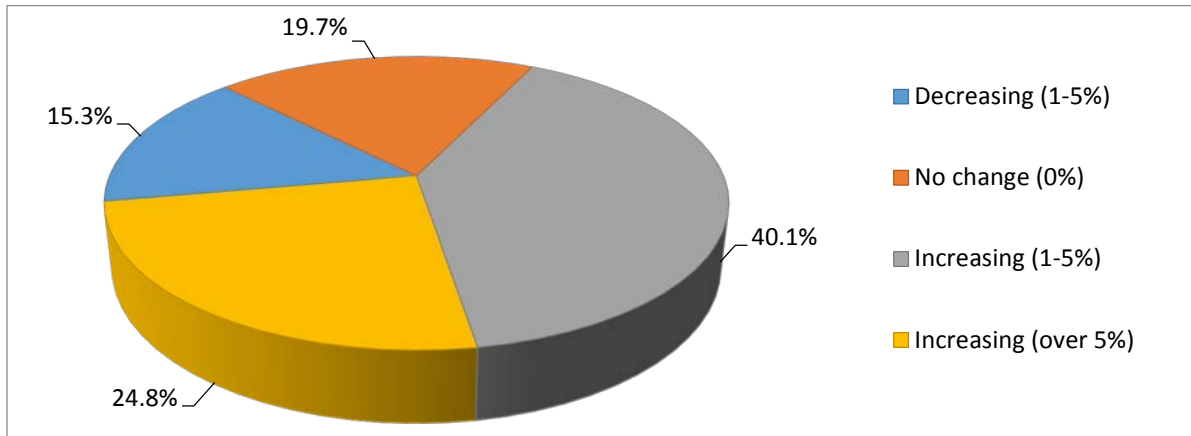


Figure 5.16: Estimated business sales growth over the past 1-5 years

As shown in Figure 5.16 a large proportion of respondents (64.9) said their salons' sale has been growing; 19.7% saw no change and only 15.3% said that their sales were decreasing. These figures will be compared based on records management practices for differences.

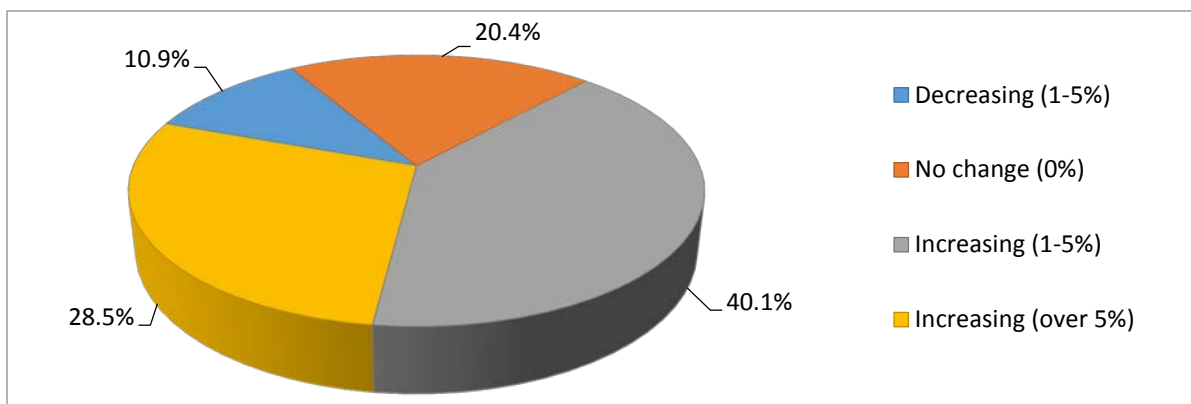


Figure 5.17: Net profit growth for the past 5 years

Figure 5.17 illustrates similar trend in profitability to that of sales growth with 68.6% recording net profit growth in the last 1-5 years; 20.4% recorded no growth and only 10.9% were decreasing. These figures will also be compared based on records management practices for differences.

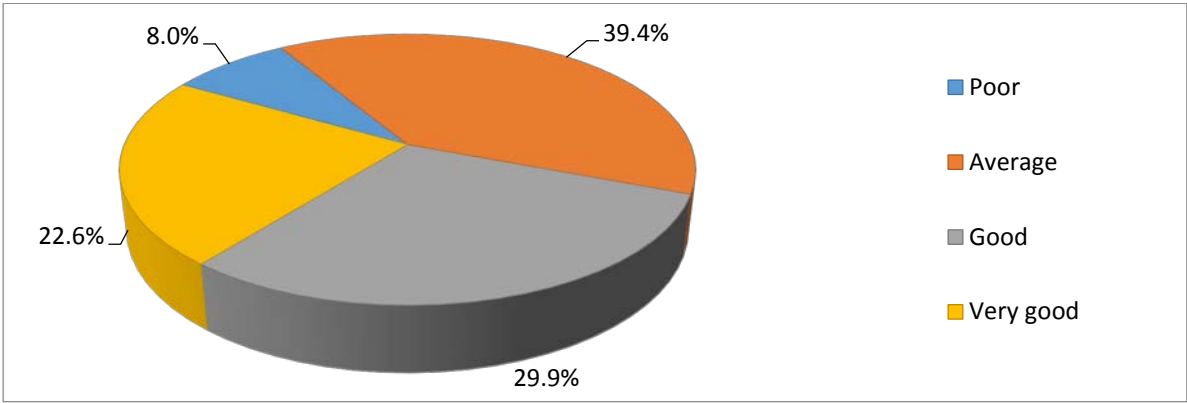


Figure 5.18: Overall business performance since operation started

The overall business performance since operation started as shown in Figure 5.18. According to Figure 5.18, about half (22.6% + 29.9%) of the businesses appear to be doing quite well (rated good or very good) whilst 39.4% of the salons performance were average. Only a small percentage (8%) said their businesses were doing poorly. So, on the basis of Figure 5.18 one can say that hair salons in the region are doing economically well.

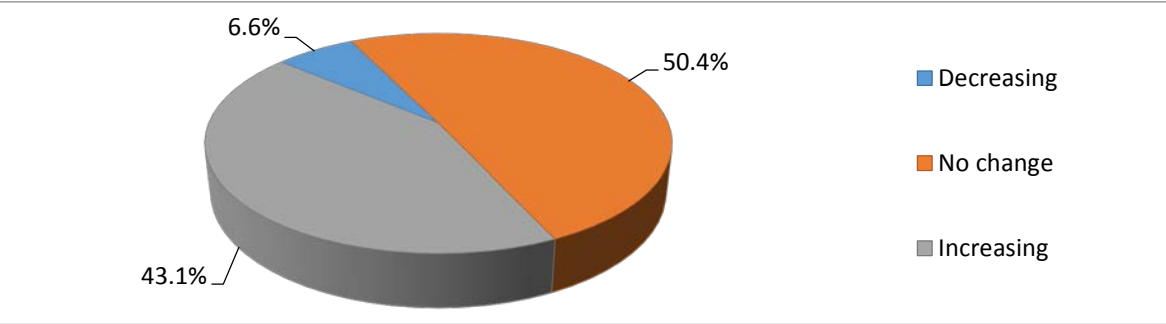


Figure 5.19: Growth in the number of business employees over the past 5 years

Figure 5.19 reveals that 50.4% of respondents said that their salons kept the number of the employees stable. However, 43.1% of the hair salons have been increasing their workforce and only few (6.6%) salons reported decreasing in the numbers of employees over the past 5 years.

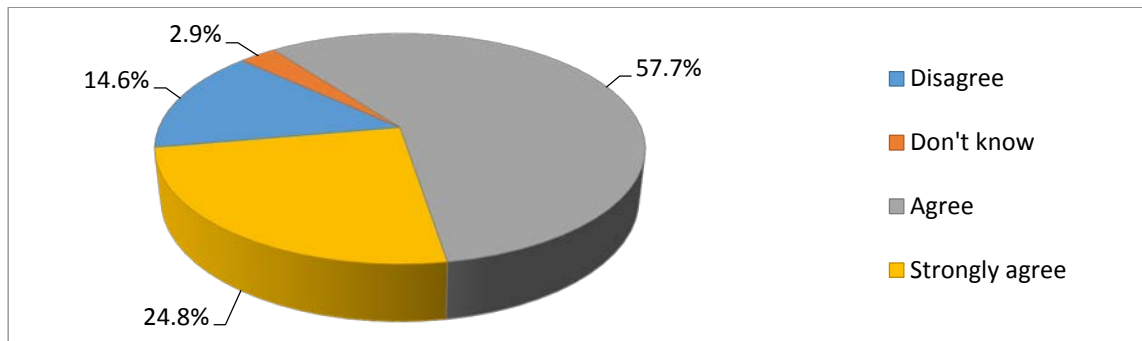


Figure 5.20: Market share over the last 5 years

As shown in Figure 5.20 an overwhelming majority (82.5%) experienced increasing market share over the last 1-5 years. These results illustrated by the figures above shows that most hair salons were doing well.

5.4.5. RELATIONSHIP BETWEEN PERFORMANCE AND RECORDS MANAGEMENT

Having established business performance the next step in determining the relationship between records management practice and business performance was to cross-tabulate a number of variables. A cross-tabulation is deemed statistically significant if the probability that the result could have occurred by chance is less than 5 out of 100. Thus, a significant result is concluded if $p < 0.05$. Fisher's exact test instead of Chi-square was used as significance test because in many cases the expected frequencies calculated for Chi-square were too small to meet the acceptable statistical criterion for that test. Cramer's V test, an indicator of the magnitude of observed difference was also calculated. The value of Cramer's V ranges between 0 and 1. A rule of thumb to interpret effect sizes

is the following: 0.1 = weak effect/relation, 0.3 = moderate effect/relation and 0.5 = strong effect/relation. Based on the above the next section cross-tabulated different variables to test the statistical significance and to measure the strength of the relation between variables.

Table 5.4: Sales growth versus how well records are kept

Type of record		Business sales growth			Fisher's exact test	Cramer's V
		Decreasing	No change	Increasing		
Employee attendance	Does not exist	24.4%	35.6%	40%	Sig, p<0.05	0.365
	Exist but not up to date	55.6%	0.0%	44.4%		
	Kept up to date	6.0%	13.3%	80.7%		
Employee earnings	Does not exist	20.0%	46.7%	33.4%	Sig, p<0.05	0.392
	Exist but not up to date	47.4%	5.3%	47.4%		
	Kept up to date	6.8%	13.6%	79.6%		
Financial statements	Does not exist	22.2%	25.9%	51.8%	Sig, p<0.05	0.408
	Exist but not up to date	35.7%	46.4%	17.9%		
	Kept up to date	6.1%	8.5%	85.4%		
Bank transactions	Does not exist	37.5%	6.2%	56.2%	Sig, p<0.05	0.543
	Exist but not up to date	4.5%	86.4%	9.1%		
	Kept up to date	14.1%	7.1%	78.8%		
Purchases	Does not exist	0.0%	18.2%	81.9%	Sig, p<0.05	0.394
	Exist but not up to date	20.0%	56.7%	23.3%		
	Kept up to date	15.6%	8.3%	76%		
Daily sales	Does not exist	22.7%	36.4%	40.9%	Sig, p<0.05	0.231
	Exist but not up to date	20.0%	10.0%	70%		
	Kept up to date	13.3%	17.1%	69.5%		
Hair products inventory	Does not exist	0.0%	61.9%	38.1%	Sig, p<0.05	0.449
	Exist but not up to date	46.2%	46.2%	7.7%		
	Kept up to date	14.6%	7.8%	77.7%		
Client complaints	Does not exist	13.5%	28.8%	57.7%	Sig, p<0.05	0.246
	Exist but not up to date	15.6%	18.8%	65.6%		
	Kept up to date	17.0%	11.3%	71.7%		
Daily clients services - treatments	Does not exist	14.7%	41.2%	44.1%	Sig, p<0.05	0.322
	Exist but not up to date	9.5%	23.8%	66.7%		
	Kept up to date	17.1%	9.8%	73.2%		
Client contact numbers	Does not exist	2.0%	4.1%	93.8%	Sig, p<0.05	0.445
	Exist but not up to date	13.5%	48.6%	37.8%		
	Kept up to date	29.4%	13.7%	56.9%		
Equipment register	Does not exist	0.0%	31.7%	68.3%	Sig, p<0.05	0.278
	Exist but not up to date	18.2%	18.2%	63.6%		
	Kept up to date	23.8%	12.7%	63.5%		

Fisher's exact test in the cross tabulation in Tables 5.4 reveals that statistically significant positive relationship exists between business sales growth and well managed or up to

date records. However, the relation between the two variables according to Cramer's V is moderate. This answers research question five (5) which seeks to establish the link between records management and business performance. This finding shows that records management has a positive influence on the business sales growth. This is consistent with literature review in Chapter 3 which stated that "systematic records management can deliver savings that have a direct, beneficial impact" (Saffady, 2011:38).

Table 5.5: Net profit versus how well records are kept

Type of record		Net profit of business			Fisher's exact test	Cramer's V
		Decreasing	No change	Increasing		
Employee attendance	Does not exist	22.2%	37.8%	40%	Sig, p<0.05	0.331
	Exist but not up to date	0.0%	0.0%	100%		
	Kept up to date	6.0%	13.3%	80.7%		
Employee earnings	Does not exist	20.0%	46.7%	33.4%	Sig, p<0.05	0.315
	Exist but not up to date	21.1%	5.3%	73.7%		
	Kept up to date	5.7%	14.8%	79.6%		
Financial statements	Does not exist	18.5%	29.6%	51.8%	Sig, p<0.05	0.357
	Exist but not up to date	17.9%	46.4%	35.7%		
	Kept up to date	6.1%	8.5%	85.4%		
Bank transactions	Does not exist	31.2%	12.5%	56.2%	Sig, p<0.05	0.537
	Exist but not up to date	4.5%	86.4%	9.1%		
	Kept up to date	9.1%	7.1%	83.8%		
Purchases	Does not exist	0.0%	18.2%	81.9%	Sig, p<0.05	0.396
	Exist but not up to date	20.0%	56.7%	23.3%		
	Kept up to date	9.4%	9.4%	81.2%		
Daily sales	Does not exist	22.7%	36.4%	40.9%	Sig, p<0.05	0.243
	Exist but not up to date	10.0%	20.0%	70%		
	Kept up to date	8.6%	17.1%	74.3%		
Hair products inventory	Does not exist	0.0%	61.9%	38.1%	Sig, p<0.05	0.468
	Exist but not up to date	46.2%	46.2%	7.7%		
	Kept up to date	8.7%	8.7%	82.5%		
Client complaints	Does not exist	11.5%	30.8%	57.7%	Not sig, p>0.05	0.200
	Exist but not up to date	15.6%	18.8%	65.6%		
	Kept up to date	7.5%	11.3%	81.1%		
Daily clients services - treatments	Does not exist	14.7%	41.2%	44.1%	Sig, p<0.05	0.333
	Exist but not up to date	4.8%	28.6%	66.7%		
	Kept up to date	11.0%	9.8%	79.3%		
Client contact numbers	Does not exist	2.0%	4.1%	93.8%	Sig, p<0.05	0.404
	Exist but not up to date	13.5%	48.6%	37.8%		
	Kept up to date	17.6%	15.7%	66.7%		
Equipment register	Does not exist	0.0%	31.7%	68.3%	Sig, p<0.05	0.269
	Exist but not up to date	18.2%	18.2%	63.6%		
	Kept up to date	14.3%	14.3%	71.4%		

As illustrated in Table 5.5 above Fisher's exact test in the cross-tab reveals that statistically significant positive relationship exists between net profit of the business and business records that are kept up to date. The two variables have a moderate to strong relationship based on Cramer's V. For example, bank transaction records and net profit of the hair salons have a strong relation according to Cramer's V. It is clear from Table 5.5 that hair salons that have reported an increase in their net profit for the past 5 years are those which manage their business records well. The table also shows that there is a relationship between business performance and well managed records.

Table 5.6: Overall business performance versus how well records are kept

Type of record		Overall business performance			Fisher's exact test	Cramer's V
		Poor	Average	Well		
Employee attendance	Does not exist	15.6%	46.7%	37.8%	Sig, p<0.05	0.236
	Exist but not up to date	0.0%	66.7%	33.3%		
	Kept up to date	4.8%	32.5%	62.6%		
Employee earnings	Does not exist	23.3%	30.0%	46.7%	Sig, p<0.05	0.283
	Exist but not up to date	0.0%	68.4%	31.6%		
	Kept up to date	4.5%	36.4%	59.1%		
Financial statements	Does not exist	18.5%	14.8%	66.6%	Sig, p<0.05	0.395
	Exist but not up to date	7.1%	85.7%	7.1%		
	Kept up to date	4.9%	31.7%	63.4%		
Bank transactions	Does not exist	31.2%	25.0%	43.7%	Sig, p<0.05	0.303
	Exist but not up to date	9.1%	63.6%	27.3%		
	Kept up to date	4.0%	36.4%	59.6%		
Purchases	Does not exist	0.0%	36.4%	63.7%	Sig, p<0.05	0.325
	Exist but not up to date	23.3%	60.0%	16.7%		
	Kept up to date	4.2%	33.3%	62.5%		
Daily sales	Does not exist	22.7%	68.2%	9.1%	Sig, p<0.05	0.333
	Exist but not up to date	20.0%	20.0%	60.0%		
	Kept up to date	3.8%	35.2%	61%		
Hair products inventory	Does not exist	0.0%	42.9%	57.1%	Sig, p<0.05	0.408
	Exist but not up to date	53.8%	46.2%	0.0%		
	Kept up to date	3.9%	37.9%	58.2%		
Client complaints	Does not exist	13.5%	50.0%	36.5%	Sig, p<0.05	0.251
	Exist but not up to date	0.0%	43.8%	56.2%		
	Kept up to date	7.5%	26.4%	66.1%		
Daily clients services treatments	Does not exist	17.6%	29.4%	52.9%	Sig, p<0.05	0.247
	Exist but not up to date	4.8%	66.7%	28.6%		
	Kept up to date	4.9%	36.6%	58.5%		
Client contact numbers	Does not exist	4.1%	51.0%	44.9%	Sig, p<0.05	0.337
	Exist but not up to date	13.5%	40.5%	45.9%		
	Kept up to date	7.8%	27.5%	64.7%		
Equipment register	Does not exist	2.4%	41.5%	56.1%	Sig, p<0.05	0.235
	Exist but not up to date	18.2%	54.5%	27.3%		
	Kept up to date	6.3%	30.2%	63.5%		

Table 5.6 shows crosstab between the overall business performance and how well different types of records are kept. Fisher's exact test shows a statistical significance of $P < 0.05$. Cramer's V in Table 5.6 shows that how well different records are kept has a weak to moderate effect on overall business performance. The finding reveals that hair salons who kept their different types of records up-to-date reported overall higher business performance. However, hair salons which did not record their business records are not doing badly either in terms of overall business performance.

Table 5.7: Growth in employees' numbers versus how well records are kept

Type of record		Growth in business employees			Fisher's exact test	Cramer's V
		Decreasing	No change	Increasing		
Employee attendance	Does not exist	11.1%	55.6%	33.3%	Not sig, $p > 0.05$	0.167
	Exist but not up to date	0.0%	22.2%	77.8%		
	Kept up to date	4.8%	50.6%	44.6%		
Employee earnings	Does not exist	3.3%	53.3%	43.3%	Not sig, $p > 0.05$	0.071
	Exist but not up to date	5.3%	57.9%	36.8%		
	Kept up to date	8.0%	47.7%	44.3%		
Financial statements	Does not exist	7.4%	44.4%	48.1%	Not sig, $p > 0.05$	0.079
	Exist but not up to date	3.6%	46.4%	50.0%		
	Kept up to date	7.3%	53.7%	39.0%		
Bank transactions	Does not exist	6.2%	50.0%	43.8%	Not sig, $p > 0.05$	0.056
	Exist but not up to date	4.5%	59.1%	36.4%		
	Kept up to date	7.1%	48.5%	44.4%		
Purchases	Does not exist	0.0%	27.3%	72.7%	Sig, $p < 0.05$	0.233
	Exist but not up to date	0.0%	76.7%	23.3%		
	Kept up to date	9.4%	44.8%	45.8%		
Daily sales	Does not exist	0.0%	59.1%	40.9%	Not sig, $p > 0.05$	0.095
	Exist but not up to date	10.0%	40.0%	50.0%		
	Kept up to date	7.6%	49.5%	42.9%		
Hair products inventory	Does not exist	0.0%	33.3%	66.7%	Sig, $p < 0.05$	0.236
	Exist but not up to date	0.0%	92.3%	7.7%		
	Kept up to date	8.7%	48.5%	42.7%		
Client complaints	Does not exist	5.8%	57.7%	36.5%	Sig, $p < 0.05$	0.207
	Exist but not up to date	15.6%	28.1%	56.2%		
	Kept up to date	1.9%	56.6%	41.5%		
Daily clients services - treatments	Does not exist	0.0%	58.8%	41.2%	Not sig, $p > 0.05$	0.135
	Exist but not up to date	4.8%	57.1%	38.1%		
	Kept up to date	9.8%	45.1%	45.1%		
Client contact numbers	Does not exist	6.1%	65.3%	28.6%	Not sig, $p > 0.05$	0.181
	Exist but not up to date	2.7%	45.9%	51.4%		
	Kept up to date	9.8%	39.2%	51.0%		
Equipment register	Does not exist	0.0%	48.8%	51.2%	Sig, $p < 0.05$	0.219
	Exist but not up to date	3.0%	69.7%	27.3%		
	Kept up to date	12.7%	41.3%	46.0%		

In Table 5.7, Fisher's exact test shows that there is no statistical significance between the two variables ($p > 0.005$). Cramer's V also reveals that generally, the relationship between the growths in number of employees and how well different business records are kept is weak (0.095 – 0.219). Table 5.7 show that there is no relationship between hair salons growth in the number of employees and how well records are kept.

Table 5.8: Market share versus how well different types of records are kept

Type of record		Market share has been improving			Fisher's exact test	Cramer's V
		Not improving	Don't know	Improving		
Employee attendance	Does not exist	31.1%	6.7%	62.2%	Sig, $p < 0.05$	0.291
	Exist but not up to date	0.0%	0.0%	100%		
	Kept up to date	7.2%	1.2%	91.5%		
Employee earnings	Does not exist	23.3%	6.7%	70.0%	Sig, $p < 0.05$	0.253
	Exist but not up to date	0.0%	0.0%	100%		
	Kept up to date	14.8%	2.3%	83%		
Financial statements	Does not exist	25.9%	7.4%	66.7%	Sig, $p < 0.05$	0.323
	Exist but not up to date	25.0%	0.0%	75%		
	Kept up to date	7.3%	2.4%	90.2%		
Bank transactions	Does not exist	43.8%	6.2%	50.0%	Sig, $p < 0.05$	0.334
	Exist but not up to date	31.8%	4.5%	63.6%		
	Kept up to date	6.1%	2.0%	91.9%		
Purchases	Does not exist	9.1%	18.2%	72.7%	Sig, $p < 0.05$	0.391
	Exist but not up to date	40.0%	0.0%	60.0%		
	Kept up to date	7.3%	2.1%	90.6%		
Daily sales	Does not exist	27.3%	9.1%	63.6%	Sig, $p < 0.05$	0.250
	Exist but not up to date	30.0%	0.0%	70%		
	Kept up to date	10.5%	1.9%	87.6%		
Hair products inventory	Does not exist	4.8%	9.5%	85.7%	Sig, $p < 0.05$	0.551
	Exist but not up to date	92.3%	0.0%	7.7%		
	Kept up to date	6.8%	1.9%	91.3%		
Client complaints	Does not exist	17.3%	5.8%	76.9%	Sig, $p < 0.05$	0.556
	Exist but not up to date	15.6%	3.1%	81.3		
	Kept up to date	11.3%	0.0%	88.7%		
Daily clients services - treatments	Does not exist	20.6%	5.9%	73.5%	Sig, $p < 0.05$	0.279
	Exist but not up to date	33.3%	0.0%	66.7%		
	Kept up to date	7.3%	2.4%	90.3%		
Client contact numbers	Does not exist	4.1%	2.0%	93.9%	Sig, $p < 0.05$	0.233
	Exist but not up to date	29.7%	5.4%	64.9%		
	Kept up to date	13.7%	2.0%	84.4%		
Equipment register	Does not exist	4.9%	2.4%	92.6%	Sig, $p < 0.05$	0.381
	Exist but not up to date	33.3%	3.0%	63.6%		
	Kept up to date	11.1%	3.2%	85.8%		

Table 5.8 shows that hair salons whose records are kept up to date reported that their market share was improving. It is revealed in Table 5.8 that there is a statistically significant difference between different types or records and market share of the business ($p < 0.05$). Cramer's V shows that there is a moderate to strong relationship between the two variables. Clearly the table illustrates that keeping different types of records well will have a positive bearing on the market share of the business. This is consistent with Chapter 2 which stated that managing records well will create competitive advantage for the business.

Table 5.9: Sales growth versus records management practices

Records management practices		Business sales growth			Fisher's exact test	Cramer's V
		Deceasing	No change	Increasing		
How promptly do you record a transaction or an event?	Immediately	6.5%	22.6%	71%	Sig, $p < 0.05$	0.317
	At the close of the day	31.2%	0.0%	68.7%		
	The following day	0.0%	0.0%	100%		
	Weekly	29.4%	29.4%	41.2%		
	When we remember	62.5%	12.5%	25.0%		
Which type of record keeping system do you currently have?	Only paper based	11.5%	23.1%	65.4%	Sig, $p < 0.05$	0.265
	Electronic only	33.3%	8.3%	58.3%		
	Both paper & electronic	0.0%	7.7%	92.4%		
	None	62.5%	12.5%	25.0%		
For how long do you keep records before disposal?	One year	10.9%	23.4%	65.6%	Sig, $p < 0.05$	0.277
	Two years	0.0%	9.1%	90.9%		
	Three years	23.5%	5.9%	70.6%		
	Four years or more	20.0%	25.0%	55%		
Assessment of safety of business records	Not safe at all	31.6%	36.8%	31.6%	Sig, $p < 0.05$	0.272
	Not safe	0.0%	71.4%	28.6%		
	Safe but can be better	9.4%	17.0%	73.6%		
	Very safe	11.1%	11.1%	77.7%		
How frequently are the business records checked?	Weekly	4.0%	20.0%	76%	Sig, $p < 0.05$	0.304
	Every two weeks	13.4%	15.9%	70.8%		
	Monthly	0.0%	0.0%	100%		
	Yearly	40.9%	40.9%	18.2%		

"Not sure" option excluded in order to reduce the number of iterations to produce a valid significant test.

Table 5.9 illustrates that business sales growth is associated with various records management practices ($p < 0.05$). Cramer's V shows that various records management practices have a moderate effect on business sales growth of hair salons.

Table 5.10: Net profit versus records management practices

Records management practices		Net profit of business			Fisher's exact test	Cramer's V
		Decreasing	No change	Increasing		
How promptly do you record a transaction or an event?	Immediately	6.5%	22.6%	70.9%	Sig, $p < 0.05$	0.323
	At the close of the day	0.0%	0.0%	100%		
	The following day	0.0%	0.0%	100%		
	Weekly	23.5%	35.3%	41.1%		
	When we remember	62.5%	12.5%	25.0%		
Which type of record keeping system do you currently have?	Only paper based	5.8%	24.0%	70.2%	Sig, $p < 0.05$	0.315
	Electronic only	33.3%	8.3%	58.3%		
	Both paper & electronic	0.0%	7.7%	92.4%		
	None	62.5%	12.5%	25.0%		
For how long do you keep records before disposal?	One year	3.1%	23.4%	73.4%	Sig, $p < 0.05$	0.352
	Two years	0.0%	9.1%	90.9%		
	Three years	23.5%	5.9%	70.6%		
	Four years or more	20.0%	25.0%	55.0%		
Assessment of safety of business records	Not safe at all	0.0%	42.1%	57.9%	Sig, $p < 0.05$	0.328
	Not safe	0.0%	71.4%	28.6%		
	Safe but can be better	9.4%	17.0%	73.6%		
	Very safe	11.1%	11.1%	77.7%		
How frequently are the business records checked?	Weekly	4.0%	20.0%	76%	Sig, $p < 0.05$	0.340
	Every two weeks	6.1%	17.1%	76.9%		
	Monthly	0.0%	0.0%	100%		
	Yearly	40.9%	40.9%	18.2%		

"Not sure" option excluded in order to reduce the number of iterations to produce a valid significant test.

Table 5.10 shows a cross-tabulation between net profit of the business and various records management practices. Based on Fisher's exact test the table reveals that there is a statistical significance ($p < 0.05$). There is also a moderate effect of various records management practices on net profit of the business according to Cramer's V.

Table 5.11: Overall business performance versus records management practices

Records management practices		Overall business performance			Fisher's exact test	Cramer's V
		Poor	Average	Improving		
How promptly do you record a transaction or an event?	Immediately	1.1%	39.8%	59.2%	Sig, p<0.05	0.432
	At the close of the day	0.0%	75.0%	25%		
	The following day	0.0%	66.7%	33.3%		
	Weekly	23.5%	11.8%	64.7%		
	When we remember	75.0%	12.5%	12.5%		
Which type of record keeping system do you currently have?	Only paper based	1.9%	42.3%	55.8%	Sig, p<0.05	0.388
	Electronic only	33.3%	8.3%	58.3%		
	Both paper & electronic	0.0%	53.8%	46.2%		
	None	62.5%	25.0%	12.5%		
For how long do you keep records before disposal?	One year	1.6%	50.0%	48.4%	Sig, p<0.05	0.396
	Two years	0.0%	9.1%	90.9%		
	Three years	0.0%	29.4%	70.6%		
	Four years or more	25.0%	35.0%	40%		
Assessment of safety of business records	Not safe at all	5.3%	68.4%	26.3%	Sig, p<0.05	0.276
	Not safe	0.0%	100%	0.0%		
	Safe but can be better	1.9%	28.3%	69.8%		
	Very safe	8.9%	35.6%	55.5%		
How frequently are the business records checked?	Weekly	4.0%	32.0%	64%	Sig, p<0.05	0.318
	Every two weeks	4.9%	46.3%	48.7%		
	Monthly	0.0%	0.0%	100%		
	Yearly	27.3%	36.4%	36.4%		

“Not sure” option excluded in order to reduce the number of iterations to produce a valid significant test.

This cross-tabulation on table 5.11 reveals that Fisher's exact test shows a statistical significance ($p<0.05$) between the two variables and Cramer's V shows the relationship between the variable is moderate. For example, 59.2% of hair salons who record their business records “immediately” have an improving overall business performance and only

12.5% hair salons who record their business records “when they remember” had a good overall business performance.

Table 5.12: Growth in employee numbers versus records management practices

Records management practices		Growth in business employees			Fisher's exact test	Cramer's V
		Decreasing	No change	Increasing		
How promptly do you record a transaction or an event?	Immediately	8.6%	47.3%	44.1%	Sig, p<0.05	0.249
	At the close of the day	0.0%	37.5%	62.5%		
	The following day	0.0%	0.0%	100%		
	Weekly	5.9%	64.7%	29.4%		
	When we remember	0.0%	100%	0.0%		
Which type of record keeping system do you currently have?	Only paper based	6.7%	47.1%	46.2%	Not sig, p>0.05	0.141
	Electronic only	8.3%	58.3%	33.3%		
	Both paper & electronic	7.7%	46.2%	46.2%		
	None	0.0%	87.5%	12.5%		
For how long do you keep records before disposal?	One year	3.1%	45.3%	51.6%	Sig, p<0.05	0.257
	Two years	9.1%	27.3%	63.6%		
	Three years	0.0%	64.7%	35.3%		
	Four years or more	20.0%	20.0%	60.0%		
Assessment of safety of business records	Not safe at all	5.3%	10.5%	84.2%	Sig, p<0.05	0.427
	Not safe	0.0%	71.4%	28.6%		
	Safe but can be better	1.9%	81.1%	17.0%		
	Very safe	11.1%	26.7%	62.2%		
How frequently are the business records checked?	Weekly	0.0%	60.0%	40.0%	Sig, p<0.05	0.323
	Every two weeks	8.5%	34.1%	57.3%		
	Monthly	12.5%	87.5%	0.0%		
	Yearly	4.5%	86.4%	9.1%		

“Not sure” option excluded in order to reduce the number of iterations to produce a valid significant test.

Table 5.12 illustrates that Fisher's exact test reveals the significance between growth in business employees and various business records practices. Cramer's V shows a weak

to moderate effect of various records management practices on growth of business employees. However the Fisher's exact test also shows that there was no statistical significance ($p>0.05$) between the growth of business employees and the type of records keeping system the business was currently using and Cramer's V shows a weak effect of 0.141.

Table 5.13: Market share versus records management practices

Records management practices		Market share			Fisher's exact test	Cramer's V
		Not improving	Don't know	Improving		
How promptly do you record a transaction or an event?	Immediately	9.7%	3.2%	87.1%	Sig, $p<0.05$	0.327
	At the close of the day	0.0%	0.0%	100%		
	The following day	0.0%	0.0%	100%		
	Weekly	29.4%	5.9%	64.7%		
	When we remember	75.0%	0.0%	25%		
Which type of record keeping system do you currently have?	Only paper based	10.6%	1.9%	87.5%	Sig, $p<0.05$	0.264
	Electronic only	33.3%	0.0%	66.6%		
	Both paper & electronic	0.0%	7.7%	92.3%		
	None	62.5%	12.5%	25%		
For how long do you keep records before disposal?	One year	9.4%	1.6%	89%	Sig, $p<0.05$	0.281
	Two years	0.0%	9.1%	90.9%		
	Three years	0.0%	5.9%	94.1%		
	Four years or more	40.0%	5.0%	55%		
Assessment of safety of business records	Not safe at all	15.8%	0.0%	84.2%	Sig, $p<0.05$	0.356
	Not safe	71.4%	0.0%	28.6%		
	Safe but can be better	1.9%	0.0%	98.1%		
	Very safe	13.3%	6.7%	80%		
How frequently are the business records checked?	Weekly	8.0%	4.0%	88%	Sig, $p<0.05$	0.291
	Every two weeks	12.2%	3.7%	84.1%		
	Monthly	0.0%	0.0%	100%		
	Yearly	36.4%	0.0%	63.6%		

"Not sure" option excluded in order to reduce the number of iterations to produce a valid significant test.

The cross-tabulation on Table 5.13 illustrates that Fisher's test shows significance between the improving market share of the business and various records management

practices. The effect of various records management practices on improving market share have a moderate effect based on Cramer's V. This finding is consistent with Dearstyne (2011:23) assertion that records are recognised as being essential for competitive advantage.

In conclusion, cross-tabulation tables (see Tables 5.4–5.6; 5.8–5.11; 5.13) showed that hair salons that keep their records well and have a good records management practices generally have a good business performance, growth in sales, net profit and market share. Moreover, the cross-tabulation tables revealed that there is a link between records management practices and business performance. In support of these findings Bailey and Hyslop (2009:6) affirm that access to the right records will prove return on investment and benefits realisation, the arguments in favour of continued investment in records management should be strengthened.

5.5 SUMMARY

In this chapter, the results obtained from the data analysis were presented and discussed. The results were presented in the form of frequency tables, pie charts, bar charts and cross-tabulation tables. Fisher's exact test and Cramer's tests were used to assess relationships between variables. In some cases, statistically significant relationships were observed between business performance and records management practices. In a few cases, no relation was observed. The next chapter presents the conclusion, recommendations for practice as well as recommendations for future research.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

To recapitulate, the thesis statement of this study made it abundantly clear that in the current information driven age, effective records (information) management is vital for the success of every business and hair salons cannot afford to be lax in how they manage their records. It was further argued that the proliferation of hair salon business in South Africa that has led to increased competition for market share makes access to accurate information even more imperative for hair salons. Sound records management is therefore a must for hair salons. Sadly and contrary to this expectation, the researcher noted in Chapter 1 that some hair salons in Dr. Ruth Mompati District Municipality in the North West province of South Africa were observed rendering service to clients without recording the transaction. This cursory observation made the researcher wonder whether or not these hair salons are aware of the importance of keeping records at all talk less of good records management. The researcher's suspicions were reinforced when informal conversations with a few hair salon operators suggested that records management may not be popular among hair salons in the area as some even see it as more a liability than an asset. So, the question became, could this be the general sentiment in the hair salon industry in the area?

Against this background, the main objective of this study was to determine the status of records management practices of hair salons in Dr. Ruth Mompati District Municipality and the implications thereof for hair salon performance. The specific research questions were:

1. To what extent do hair salons keep records?
2. Are hair salons aware of the importance of records management?
3. Do hair salons owners/managers who keep records know how to utilise them?

4. What is the attitude of hair salons owners/managers towards records management?
5. Is there a link between records management and business performance?

Chapter 1 introduced the study which among others included the problem statement, specific research questions, and research objectives. This was followed by a review of the related literature in Chapters 2 and 3. In Chapter 4, the research methodology followed in the study was outlined and discussed. The previous chapter (Chapter 5) presented and discussed the results of the empirical study. This chapter concludes the study report with the presentation of conclusions and recommendations for practice and further research.

6.2 CONCLUSIONS BASED ON THE LITERATURE

Although this was not an objective it is important to state that the literature makes it evident that records can play an important role in the growth and performance of small businesses. Specifically the literature review indicates that from a resource based view of the firm, a good records management system is a vital resource for any business particularly in a competitive environment. Based on this finding, it was concluded hair salons in general but more specifically hair salons in Dr. Ruth Mompati District Municipality stand to benefit from good records management practices because of the fierce competition for customers.

6.3 CONCLUSIONS BASED ON RESEARCH QUESTIONS

The first research question was: **To what extent do hair salons keep records?** The results as indicated in Table 5.1 shows although businesses do not keep all types of records, majority of hair salons (60.1%) keep good records of their business transaction.

Therefore, it is concluded that hair salons in the research area keep records transactions created by their everyday business.

The second research question was: **Are hair salons aware of the importance of records management?** The results in Table 5.2 shows that a high proportion (79.3%) of respondents said that they viewed records management very important and that they always consult records when making various decisions that will affect the business. **Therefore it is concluded that hair salons in the research area are aware of the importance of records management hence they use them for various decisions.**

The third question was: **do hair salons that keep records know how to utilise them?** Once more Table 5.2 shows that majority (79.3%) of hair salons use records for various types of decision including setting goals, legal purposes, introducing new products and problem solving. **It is therefore, concluded that hair salons that keep records in the study area know how to utilise them.**

The fourth research question was: **What is the attitude of hair salons owners/managers towards records management?** The findings in Table 5.3 show that the majority of respondents (73.6%) display positive attitude towards records management. **Therefore it is concluded that hair salons have a positive perception and attitude towards records management.**

The fifth research question was: **To establish whether there is a link between records management and business performance.** This question seeks to investigate whether records management has an influence on hair salons' performance. Cross-tabulations between business sales growth, net profit of the business, overall business performance and market share of the business and how well different types of records are kept and

various records management practices (Tables 5.4 – 5.6, 5.8 – 5.11 and 5.13) was used to answer this question. The findings in the above tables led to the conclusion that **that there is a positive relationship between good records management and business performance**, however the effect of the relationship as shown in the above stated tables is moderate to strong.

6.4 RECOMMENDATIONS

Recommendations were made on the findings derived from the discussions in Chapter 5 as well as from conclusions in the previous section of this chapter.

6.4.1 RECOMMENDATIONS FOR PRACTICE AND POLICY

Whilst the results show that paper based records keeping seems to dominate the hair salon business environment (see Figure 5.12), it also became evident from the research that hair salons prefer electronic record keeping. However, the hair salons surveyed are unable to acquire computers in order to keep electronic records and this seems to be as a result of the financial cost of computers. Technology is growing rapidly in businesses and hair salons cannot afford to remain behind. Hair salon owners/managers who are not using computer to create and store information should start doing so as this will save them time and space that they need so much. It is therefore recommended that small enterprise promotion agencies come to the rescue. At municipality level, SMME desks need to look at assisting hair salons to procure relatively cheap low end computers. Free operating systems such as UBUNTU as well as very cheap application software abound that can be installed on these computers.

Even more appropriately, custom made records system can be developed for hair salons. This is possible through cooperation with for example the Central University of Technology (CUT). Currently, CUT curriculum requires students to undergo Work

Integrated Learning (WIL). Information Technology (IT) students of CUT can be approached to embark on the development of a custom made record keeping application software as part of their Work Integrated Learning (WIL) module. A similar arrangement can be reached so that Office management and Technology (OMT) students of CUT will as their WIL project help in training hair salon operators in computer usage and records keeping.

The results in Chapter 5 show that 40% of hair salons do not formally keep records, about 20% do not regard good records management practices as important (see Table 5.2) and about 26% have negative attitude towards record keeping (see Table 5.3). These figures clearly indicate some ignorance and attitudinal problems about the usefulness hence the need to formally keep records. To address this problem, it is suggested that a campaign be conducted to make not only hair salons but all small businesses aware of the importance of keeping good records.

The literature in Chapter 2 suggested that information from business records is a resource that can be used in creating significant competitive advantage. It is recommended that hair salons and for that matter all small businesses should be made to understand that records should be seen in the same manner as any other resource of the business. This would enable hair salon owners/managers especially those neglecting to keep records to understand that records such as daily sales, customer complaints, purchase records just to mention a few can be put to immediate or future use in order to create competitive advantage.

Owner managers need to understand that although anyone person can be assigned to keep business records, ultimately, the manager needs to check daily records for accuracy and completeness.

6.4.2. RECOMMENDATIONS FOR FURTHER RESEARCH

Based on the findings of this study, the following recommendations for future research are proposed.

Firstly, this study is limited in scope to only one local municipality. It is recommended that a larger scale study that includes all the provinces of South African be undertaken so that findings can be generalised across South Africa.

One of the findings of this study is that hair salons were using records keeping systems that they did not prefer. Unfortunately this study was not designed to probe why this was the case. The question - why do more businesses use a particular record keeping system than they prefer to do need to be probed further.

6.5 SIGNIFICANCE OF THE STUDY

Although this study makes several important contributions to theory and practice, two stand out that need mention.

Firstly, this study being the first of its kinds on records management in hair salons in South Africa breaks new grounds in terms of phenomenon on records management practice of hair salons.

Secondly, this study is significant because it will encourage hair salons to keep records since one of the findings links hair salons economic performance to good record keeping.

6.6 LIMITATIONS OF THE STUDY

The study was constrained by the following factors:

- Hair salons are always busy which made it difficult for respondents to have time to fill the questionnaire. To counter this, the researcher administered questionnaires on days that hair salons were not busy to allow participants to fill in questionnaires when they have time to do so.
- Generalisability of the findings is limited due to the limited geographical scope of the study.
- Some of the research subjects were unwilling to participate as they seem to think that the researcher and research assistant were competitors.

6.7 SUMMARY

This chapter has concluded the report on the study on records management practices amongst hair salons in Dr. Ruth S. Mompoti District Municipality in the North West province of South Africa. The chapter has provided conclusions based on the literature findings as well as the empirical study. Stemming from these conclusions, recommendations were made on policy and practice as well as for future research.

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ANNEXURE A

Records Management practices questionnaire

Good day Sir/Madam. My name is

I am collecting data for Mr. L Mosweunyane, a Masters student of Business Administration at Central University of Technology, Free State. He is being supervised in this project by Professor DY Dzansi. The study is titled "Records Management Practices of hair salons in the Dr. Ruth Segomotsi Mompati District Municipality".

The aim of the research project is to acquire data about the state of records management in hair salons in the area in order to create a better understanding of records management and its influence on hair salon performance; and to develop an affordable records management system for hair salons.

Responses to these questionnaires will be treated in the strictest confidence. The questionnaire will be filled anonymously and responses will not be attributed to a particular respondent and will be used for the purpose of this research only.

May you please use a few minutes of your time to answer the questions. The questionnaire should not take you more than 30 minutes to complete.

Thanking you in advance for your positive response.

SECTION A: DEMOGRAPHIC DATA							
Questions	Please mark the appropriate answer with X						Office use only
	1	Please indicate your role in the Business	1 Owner		2 Manager		
2	Please state your gender	1 Male			2 Female		
3	Please state your current age	1 (Under 18)	2 (18-35)	3 (36-45)	4 (46-55)	5 (56+)	
4	Please state your educational status	1 No formal education	2 Primary	3 Middle school	4 High school	5 Tertiary	6 Postgraduate
5	Please indicate the years your business has been in operation	1 (1-5)	2 (6-10)	3 (11-15)	4 (16-20)	5 (Over 20)	
6	Does the business have access to a computer?	1 Yes			2 No		
7	How do you rate your computer literacy?	1 very poor	2 poor	3 average	4 good	5 very good	
8	Please indicate the number of employees in the business excluding the owner	1 (1)	2 (2-4)		3 (5 -9)		4 (10+)

SECTION B: RECORDS MANAGEMENT PRACTICES												
Questions	Select which one is most applicable to your business							Office use only				
	9	Who handles business records?	1 Owner	2 Manager	3 owner	4 Clerk	5 Any one available			6 None		
10	Types of record	How well do you keep records?										
10.1	Employee attendance	1 Does not exist		2 Exist but not up to date		3 Kept up to date						
10.2	Employee earnings	1		2		3						
10.3	Financial statements	1		2		3						
10.4	Bank transactions	1		2		3						
10.5	Purchases	1		2		3						
10.6	Daily sales	1		2		3						
10.7	Hair products inventory	1		2		3						
10.8	Client complaints	1		2		3						
10.9	Daily client treatment	1		2		3						
10.10	Client contact numbers	1		2		3						
10.11	Equipment register	1		2		3						
11	How promptly do you record a transaction or an event?	1 Immediately		2 At the close of the day		3 The following day		4 Weekly		5 When we remember		
12	Which type of record keeping system do you currently have?	1 Only paper Based			2 Electronic only		3 Both paper and electronic		4 None			
13	If you had a choice which record keeping system would you prefer?	2 Only paper Based			2 Electronic only		3 Both paper and electronic		4 None			
14	For how long do you keep records before disposal?	1 One year	2 Two years		3 Three years		4 Four years or more		5 Not sure			
15	Your assessment of safety of company records.	1 Not safe at all	2 Not safe		3 Not sure		4 Safe but can be better		5 Very safe			
16	How frequently are the businesses records checked?	1 weekly	2 Every two weeks		3 Monthly		4 Yearly		5 Any time			

SECTION C: PERCEPTIONS AND ATTITUDE							
Questions	Please indicate the extent to which you agree or disagree with the following statements regarding your hair salon by marking the appropriate answer with an (X)	Strongly disagree	Disagree	Don't know	Agree	Strongly agree	office use only
17	Records Management is an important function of the business.	1	2	3	4	5	
18	The business has a recordkeeping awareness	1	2	3	4	5	
19	The business has a recordkeeping policy	1	2	3	4	5	
20	The business has a recordkeeping competency	1	2	3	4	5	
21	The business considers records as one of the business assets.	1	2	3	4	5	
22	It is necessary to keep operational records daily.	1	2	3	4	5	
23	Effective Records Management is a key factor in business performance	1	2	3	4	5	
24	Records management cannot be regarded as a waste of time that can be utilized elsewhere	1	2	3	4	5	
SECTION D: USE OF RECORDS							
25	The business consults its records for decision making	1	2	3	4	5	
26	The business consults its records for problem solving.	1	2	3	4	5	
27	The business consults its records before introducing new products/services.	1	2	3	4	5	
28	The business considers records when setting goals.	1	2	3	4	5	
29	The business considers records for legal purposes.	1	2	3	4	5	

SECTION E: THE BUSINESS PERFORMANCE						Office use only	
Questions	RESPONSES						
30	Please estimate the business sales growth over the past 1-5 years						
	1 Decreasing (Over 5 %)	2 Decreasing (1-5 %)	3 No change (0 %)	4 Increasing (1-5 %)	5 Increasing (Over 5 %)		
31	Please indicate the net profit for the business for the past 5 years						
	1 Decreasing (Over 5 %)	2 Decreasing (1-5 %)	3 No change (0 %)	4 Increasing (1-5 %)	5 Increasing (Over 5 %)		
32	How would you describe the overall business performance since you started operation?						
	1 Very poor	2 Poor	3 Average	4 Good	5 Very good		
33	Please indicate the growth in the number of employees of the business over the past 5 years.						
	1 Decreasing	2 No change	3 Increasing				
34	The market share of the business has been improving over the last 5 years						
	1 Strongly disagree	2 Disagree	3 Don't know	4 Agree	5 Strongly agree		