

THE IMPACT OF NECESSITY ENTREPRENEURSHIP ON THE

SURVIVAL OF HAIR SALONS IN MANGAUNG METROPOLITAN AREA

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DECLARATION

I BILONDA KABUYA, student number _____, do hereby declare that this study submitted to the Central University of Technology, Free State, for the degree MPhil in BUSINESS ADMINISTRATION, is my own independent work and has not been previously submitted by me at this or any other university. I furthermore cede copyright of the dissertation to the Central University of Technology, Free State.

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ABSTRACT

Despite the South African government's effort to reduce unemployment, joblessness continues to increase. Some jobless people establish their own businesses in the face of adversity. Out of necessity and desperation, jobless people venture into establishing their own businesses despite the fact that they might not have the relevant resources. Often they lack funds. They venture into own business to accumulate money for survival purposes. One such business that has proliferated out of necessity are small hair salons. Many see this as quick and easy to initiate and run. However, no empirical evidence has been confirmed yet to substantiate the rationale for establishing hair salons and the impact thereof on the survival of the business.

The objective of the study was, therefore, to establish whether hair salon owners start their businesses out of necessity or opportunity in the Mangaung Metropolitan area.

Drawing from a positivist approach, this study adopted a quantitative research design with a sample size of 144 salon owners. A structured questionnaire with standardised questions was used to collect data. The findings show a statistically significant relationship between necessity entrepreneurship and business creation, business stakeholders and business creation business stakeholders and business survival and a minimal relationship between necessity entrepreneurship and business survival. The study concludes that necessity entrepreneurship is moderately related to business survival. The main recommendation is that necessity entrepreneurs need relevant information on small service business to achieve success. It is also recommended that government establish programs to support SMMEs by supporting innovation in small businesses and tax transparency.



CHAPTER ONE: INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

The Republic of South Africa has high rates of unemployment and inflation (Chamunorwa & Mlambo, 2014). By fostering growth and equity, SMMEs like hair salons provide the nation with a crucial tool for resolving these concerns (inflation and unemployment rates) (Mutezo, 2013). In light of this, the South African government also acknowledges the crucial role SMMEs play in creating jobs to grow the economy. As a result, the government has led numerous small business support initiatives (Abor & Quartey, 2010). There is a strong belief that South Africa's SMMEs have the capacity to expand and develop a large portion of the employable people because the country appears unable to offer formal employment to those who deserve it.

Given the current economic trajectory due to high unemployment, young people and disappointed South Africans opt to create a venture that generates economic activities whilst awaiting the market to absorb them. Remeikiene et al (2013) claim that unemployment and a decline in social standing have a favourable impact on entrepreneurship since it makes it the sole feasible choice for generating revenue on the job market. Contrary to entrepreneurship theories, the motive for some small businesses starting an enterprise may not be driven by an aspiration to fulfil a need in the market or to capitalise on an existing opportunity. Rather, they venture into entrepreneurship out of the sheer necessity to survive.

Developing economies such as South Africa often find it difficult to accommodate many skilled and unskilled job seekers. This pattern of non-economic activity often forces the unemployed to resort to other means of survival, such as starting a business. Entrepreneurship frequently follows the path of necessity-driven entrepreneurship in such economies. As such, the study's main objective is to determine whether or not entrepreneurs start their businesses out of necessity and the need to survive.



1.2 BACKGROUND

The post-apartheid South Africa, hailed by many as the best transition democracy in the modern era, is not without its problems. Besides poverty and inequality, the new democracy faces unemployment, which is one of the most pressing socio-economic problems in South Africa. High unemployment has been a problem for the South African economy. For one example, the Free State province registered the highest unemployment rate (26.7%) in the first quarter of 2017; this affects young people between the ages of 24-34 years (Statistic South Africa, 2017). According to Mulaudzi and Ajoodha (2020), The South African unemployment rate was 29.1% in 2020, which is the highest unemployment rate that the country has recorded since the 1970s, indicating that the country is among the top ten countries with the highest unemployment rates in the world. Furthermore, Hlayisi (2022) states that before the coronavirus disease 2019 (COVID-19) pandemic in early 2020, the unemployment rate in South Africa was at its highest in history at 29.1% and during the COVID-19 pandemic to date, unemployment rose even higher to 35.3%. Moreover, Statistics South Africa (2022) concurred as well with the reports of 35.3% official unemployment rate, the highest since 2008.

On the other hand, young South Africans between the ages of 15 and 34 have improved their level of education during the past ten years (Department of Higher Education, 2011). The rising enrolment rate at tertiary educational institutions like the Central University of Technology Free State is indicative of this trend. The notion that 57.9% of the labour force holds a postsecondary degree adds to the issue by increasing the proportion of graduates in the labour force. The paradox is that despite fundamental shifts in the need for highly trained employees, employment possibilities have not increased proportionately (Broekhuizen & Van der Berg, 2012).

A significant portion of the employable population in developing nations like South Africa cannot find work. Half of the working-class population is employed by small, medium-sized businesses (SMMEs), which account for 50% of South Africa's GDP and include hair salons (Chiloane-Tsoka & Mmako, 2014). The majority of women, who account for a sizable portion of the informal sector, rely heavily on the employment provided by hair salons. According to The Sustainable Livelihoods Foundation's Formalising Informal



Micro-Enterprises report, hair salons make up 75% of all microbusinesses in South African townships (FIME, 2015).

1.3 STATEMENT OF THE PROBLEM

Quite apart from the significance of SMMEs, the sustainability rate for SMMEs in South Africa is among the poorest in the world. According to Fatoki (2014), between 70% and 80% of all SA SMMEs shut down after just three years in operation. Moreover, up to 75% of South African SMMEs fail after 42 months of operation and shut down (Bruwer, 2017). Moreover, in the early 2010s, about 63% of SA SMMEs had to shut down after only two years in business; 75% had to shut down after just three years (Cant & Wiid, 2013)..

Poor education and a lack of employment possibilities exacerbate the problem outlined above, leading many to start their own businesses out of necessity (Moloi, 2013). Entrepreneurs in the hair salon industry frequently struggle to grasp programs and regulations designed to support their empowerment since their reading levels fall below the Grade 12 certification (Chiloane-Tsoka, 2009).

Despite the fact that government organizations like the Small Business Development Agency (SEDA) offer training programs, Chiloane-Tsoka and Mmako (2014) found that persons who work in the industry do not take advantage of these programs. Consequently, these necessity-driven initiatives exceed opportunity driven ventures. In other words, there are more necessity driven businesses than opportunity-driven business, which ultimately fail to survive and die a natural death (Marlow et al., 2017). This results in unemployment, joblessness and other social ills such as drugs and prostitution, which negatively affect the economy. The problem is that necessity-driven entrepreneurs do not have adequate knowledge on how to run a business. Consequently, the business fails because necessity-driven entrepreneurs focus merely on making money and not maintaining and growing the business. Therefore, the research intends to focus on filling the knowledge gap among entrepreneurs. The goal is to provide them with all the necessary information on necessity entrepreneurship so they can succeed.



1.4 RESEARCH QUESTIONS, OBJECTIVES AND AIM

1.4.1 Main research question

What is the impact of necessity entrepreneurship on the survival of hair salons where?

1.4.1.1 Subsidiary Research question(s)

To answer the main research question, the secondary research questions are as follows:

1. To what extent do hair salon owners use necessity entrepreneurship to start their businesses?

2. Which specific factors of necessity entrepreneurship are critical in the establishment of hair salons?

3. Which stakeholder factors do hair salon owners consider important for the creation of their businesses?

4. Which stakeholder's strategies are perceived by hair salon owners as important for the survival of their businesses?

5. Which business survival strategies are used the most by the hair salon owners?

6. What is the relationship between necessity entrepreneurship and firm survival?

7. Are there gender, age and nationality differences regarding necessity entrepreneurship and firm survival ratings?

1.4.2 Research objective(s)

1.4.2.1 Main Objective

The main objective of the study is to investigate the impact of necessity entrepreneurship on the survival of hair salons in Mangaung, Free State.

1.4.2.2 Subsidiary Objectives

To be able to achieve the main objective, subsidiary research objectives are designed as well to be able to;



1. Determine the degree to which hair salon owners use necessity entrepreneurship in initiating their businesses.

2. Identify which specific factors of necessity entrepreneurship are critical in the establishment of hair salons.

3. Establish which stakeholder factors hair salon owners consider as important for the creation of their businesses

4. Verify which stakeholder's strategies are perceived by hair salon owners as important for the survival of their businesses.

5. Confirm which business survival strategies are used the most by hair salon owners.

6. Establish the relationship between necessity entrepreneurship and firm survival.

7. Determine whether there are gender, age and nationality differences regarding necessity entrepreneurship and firm survival ratings.

1.4.3 Aim

The study's main aim is to provide guidelines for SMMEs and practitioners in understanding the expectations of stakeholders regarding hair salons and their long-term survival. The study equally strives to develop and sharpen relevant entrepreneurial skills. This could generate positive entrepreneurial intentions and provide guidelines for establishing thriving entities.

1.5 DEFINITION OF CONCEPTS

In the world of business, terms differ in meaning according to diverse contexts of use. Various definitions of key terms are explored, and eventually, a synthesis offered in this study.

1.5.1 NECESSITY ENTREPRENEURSHIP

According to the 2012 Global Entrepreneurship Monitor (GEM), a necessity entrepreneur is an individual who launches a firm because they "had no better choices for work." When there are no other employment possibilities and a need for revenue, necessity entrepreneurs may feel forced into launching firms. According to Chiloane-Tsoka and



Mmako (2014), the majority of self-employed small business owners hold a Grade 12 diploma or less. In other regions of Africa and the rest of the globe, a high school diploma is equivalent to a Grade 12 qualification in South Africa. Skills, education, and growth potential can all be used to describe necessity entrepreneurship.

Self-employment may be the only rational, practical, legal, and respectable way for people to support themselves in areas with a dearth of secure work opportunities. This is referred described as "necessity entrepreneurship" (NE) in literature (O'Donnell et al., 2021). Entrepreneurs have the chance to invest in themselves, their family, and their lives through necessity entrepreneurship (Spiegel & Harrison, 2018).

1.5.2 STAKEHOLDERS

Individuals who are interested in or concerned about the conduct of the company are considered stakeholders (Minoja, 2012). According to Charan and Murty (2018), key stakeholders, who are typically internal stakeholders, interact financially with the company (for example, stockholders, customers, suppliers, creditors, and employees).

1.5.3 FIRM SURVIVAL

Survival refers to a company's ability to continue to function as a self-sufficient entity that successfully achieves profitability, attracts resources, and is appropriately adapted to its environment (Neneh & Van Zyl, 2012). Due to entrepreneurs' inability to grow their businesses into sustainable ones once they launch them, entrepreneurial endeavors in South Africa have a low survival rate (Statistics South Africa, 2014). According to estimates, between 70% and 80% of small, medium, and micro enterprises (SMMEs) in South Africa fail (Cant & Wiid, 2013).

According to Leboea (2017), many SMMEs fail to make it past their first year of operation and are hence not helpful to society. According to Fatoki and Odeyemi (2010), if business owners and managers excelled in running their organizations, they would prosper and guarantee the longevity of their companies. Businesses must have particular entrepreneurial qualities in their owners and managers in order to survive and flourish in their commercial operations.



1.6 STRUCTURE OF THE STUDY

Chapter 1: Introduction to the study

An introduction and context to the study are given in this chapter, which is followed by a statement of the issue, research objectives, goals, and questions. The definitions of the key concepts used in the study are given in relation to certain usages. The conceptual underpinning for the investigation is described in the chapter. The chapter also includes both a summary and the study's executive summary.

Chapter 2: Literature review

This chapter reviews the literature on necessity entrepreneurship and discusses how it relates to demographics. It also emphasizes small service enterprises and how necessity entrepreneurship contributes to their development. Stakeholders and how they support the firm come next, followed by ties between necessity entrepreneurship and stakeholders. The review also explores the characteristics of the stakeholders, firm survival, and concludes with a summary.

Chapter 3: Research Methodology

The study paradigm, design, and methods are described and justified in this chapter. The sampling technique utilized for data collection, analysis, and ethical issues is used to identify the study's population.

Chapter 4: Results and discussion of findings

This chapter presents the data on demographics of the respondents, personal and business characteristics, followed by findings and discussion in line with the research questions and factor analysis.

Chapter 5: Conclusions and Recommendations

The study's findings and suggestions are covered in this chapter. The study's importance and conclusions, which are based on the literature review and research questions, are then discussed, along with suggestions for entrepreneurship that will help small service



enterprises survive. The study concludes by describing its limitations and providing a conclusion.

1.7 SUMMARY

The study was laid out in this section, which also examined the problem's background and methods of investigation. The next chapter reviews relevant literature for the subject, paying particular attention to necessity entrepreneurship, stakeholders, and business survival.



CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

The literature on necessity entrepreneurship is reviewed in this chapter, focusing on recent studies on the trajectories of the survival of small service businesses. It intends to provide an informed understanding of the role of necessity entrepreneurship in creating small businesses. The chapter further reviews how stakeholders influence and participate in the survival of small businesses.

2.2. THE LITERATURE REVIEW

According to Aaijaz and Ibrahim (2013), the word entrepreneurship originated in the French Military history of the 17th century, which was used to make reference to individuals who led the military expeditions. Entrepreneurship is a wide-ranging event (Gangaiah & Viswanath, 2014) that takes part in increasing the economic growth of a country. It also addresses social challenges by ensuring that individuals who are not working acquire jobs. In addition, it is also a huge aspect for innovation and competitiveness of a country (Lakeus, 2019).

Entrepreneurship is a financial catalyst for most nations, and as a result of globalization, most economies encourage and foster entrepreneurship to drive and sustain their economies for generations (Azizi et al, 2010; Yuki et al., 2013). Thus, entrepreneurship has become a critical undertaking that generates a viable career for those involved (Radojevic-Kelley, 2011).

Entrepreneurship involves market possibilities, entrepreneurial events generation and entrepreneurs as reasons for change (O'Neil & Ucbasaran, 2010). Entrepreneurial events materialize in creating new economic activities and result from opportunity perception (Radojevic-Kelley, 2011). Every person has some degree of the abilities that lead to entrepreneurial spirit and aspirations whenever a stimulus condition emerges (Feder & Niţu-Antonie, 2017).

New economic activities emerge in creating a new business or new economic activity within the existing business (Radojevich-Kelley, 2011). Moreover, entrepreneurship



dictates business's entry into the markets that have been recently discovered that take diverse forms. However, the choice of an enterprise depends on the basic belief of an entrepreneur towards growth and inventiveness (Ripollés et al., 2012). SMMEs (small and medium-sized enterprises) may grow either fixed or constantly changing capabilities depending on entrepreneurial abilities, market dynamics, the ability to learn, and attitude towards innovation (Radojevich-Kelley, 2011).

2.2.1 Entrepreneurship Characteristics in Business

Wijewardena et al. (2008) focuses on the mind-set and personality of the entrepreneur, whereas Pasanen (2007) and Wasserman (2008) consider the entrepreneur's personal role and growth aspirations. Many studies on the characteristics of entrepreneurs have produced varied results on the effect that these exert on the growth of small businesses (Sidika, et al., 2012). Bouazza et al. (2015) convincingly confirms that other entrepreneurial traits have a positive and important relationship with the growth of small businesses.

Ciavarella et al. (2004) note that the stable and innate traits of the entrepreneurs affect how they run their enterprises. They also frequently operate their businesses based on the advantages of their unique traits. (Sidika et al, 2012). According to Nambisan (2017), entrepreneurship has the following characteristics: passion, listening and communication skills, professionalism and risk-taking. These characteristics are important for entrepreneurship, yet government involvement also plays a fundamental part in the establishment and entrepreneurial enterprises' success.

2.2.2 Government Involvement in Entrepreneurship

Multiple studies have been done to look at how the government might increase the growth and productivity of small enterprises. Of these studies, several came to the conclusion that the government's assistance to small enterprises is essential (Valerio et al., 2014). Due to the reliance of small enterprises on government regulations and programmes, the competitiveness, efficiency, and growth of small businesses are issues that the government is concerned with (Hussain et al., 2012). As a result, the government encourages small businesses through policies designed to perform better and grow.



Though this is not enough, government still needs to do more in enhancing the small service business implementation (Pritchett et al., 2013).

Small businesses with few resources and insufficient competence have growth challenges (Hussain et al., 2012). Thus, government can assist this sector through its role in formulating policies, programmes, and regulations that assist small firms in managing their scarce resources and insufficient capabilities. It can formulate and bolster policies and programmes to assist small enterprises by developing specific policies, efforts for assistance and counselling, specialized training programs, and cooperation (Valerio et al., 2014).

The importance of SMMEs to developing countries cannot be overemphasised, hence the South African government intends to utilise small and medium-sized businesses to formulate opportunities for employment for the greater population of those unemployed (Booysen, 2011). In order to promote economic growth and job creation, and poverty reduction at the national level, the South African government has made significant investments in the sector (Hosseininia & Ramezani, 2016). According to Hosseininia and Ramezani (2016), a key element affecting small firms' longevity is the quality of their leadership and entrepreneurial abilities. The development of such entrepreneurial skills is directed at entrepreneurs and government should ensure that small business survive through such an initiative.

2.3. NECESSITY ENTREPRENEURSHIP

One's capacity to put ideas into practice is referred to as entrepreneurship. It includes originality, drive, foresight, and taking calculated risks (Gautam et al., 2015). Furthermore, entrepreneurship comprises the instinct to organize and oversee projects to accomplish the necessary business intention (Nagler et al., 2014). Entrepreneurship is one of the driving forces of economic expansion that frequently agrees on the concept of developing profitable activities because of opportunity discovery, investigation, and exploitation (Nagler et al., 2014). The market imbalances that drive entrepreneurs' decisions may give birth to chances for profit-making.



Necessity entrepreneurship is vital to developing and emerging economies. In Necessity Entrepreneurship (NE), entrepreneurs usually start their businesses when they are unable to find another job or source of income. Even if socioeconomic conditions are becoming increasingly unstable, NE activities are expanding fast in South Africa (Buheji, 2018).

Block and Wagner (2014) mention that necessity entrepreneurships comprise entrepreneurs who are driven to self-employment due to limited opportunities in different business sectors and are therefore attracted to self-employment by identifying opportunities that may lead to new jobs as well as being driven into self-employment after becoming unemployed. Necessity entrepreneurship demonstrates the courage of entrepreneurs to start a new venture, and in the developing world, self-employment represents more than half of all jobs (Rwamitoga, 2011).

Social security systems, frictions in the labour market, the business environment, and labour market institutions are among the variables that affect the overall distribution of jobs and how many people choose to work for themselves. Therefore, self-employment is typically less productive in poorer countries. In an effort to develop the enterprises, there is a recognition and need for a distinct development path. This means that the number of wage jobs is increasing, and the variety of jobs is changing in the newly established venture (Buchanan et al., 2013).

The entrepreneurial process of necessity entrepreneurship is initiated and accomplished by people who take action to seize opportunities. This initiation materialises because entrepreneurs dream up new goods or services, then develop and market the products associated with the venture (Shane, 2012). According to Afandi et al. (2017), people's desire and capacities to seize opportunities play the most important role in the process of entrepreneurship.

Necessity entrepreneurs are in a less favourable position than other entrepreneurs are as they are pushed into entrepreneurship. This push calls for serious and careful planning in initiating their new initiatives (Block & Wagner, 2014). However, there may also be definite resource advantages that accrue to necessity entrepreneurship, leading entrepreneurs to pursue leadership. Although some entrepreneurs choose self-



employment over two-thirds of well-defined programs and goals fail because people had no other options (Margolis, 2014).

Different aspects that affect necessity entrepreneurship include necessity entrepreneurs, necessity entrepreneurship characteristics, and entrepreneurial funding. The following segment elaborates on these traits.

2.3.1. Necessity entrepreneurs

Richard Cantilon was the first known user of the term entrepreneurship in a business context in the 18th century, when he referred to an individual who purchases products and services at a particular price with the aim of selling them later as a necessity entrepreneur (Tiago et al., 2015; Aaijaz & Ibrahim, 2013). In Middle Ages, the term "entrepreneur" meant a person in charge of huge projects who did not take any risks but instead managed the projects with the available resources (Lakeus, 2019).

Entrepreneurs run their businesses in ways that may positively or negatively affect necessity entrepreneurship because of the level at which the business is growing (Bullough, et al., 2014). As such, necessity-oriented Small, Micro and Medium-sized Enterprises (SMMEs) have to be more creative and innovative to be able to generate decent jobs that will be able to empower individuals and bring their neighbouring community out of the challenging poverty (Buheji, 2018).

Necessity entrepreneurs are individuals who start small enterprises out of necessity, and they aspire for economic growth, through job creation (Poschke, 2013). Necessity entrepreneurs decide to get into the world of business to enhance their motivations and entrepreneurial development as well as better or other options than unemployment (Langevang et al., 2012). As stipulated by Caliendo and Kritikos (2019) if they have no other means of support and are encouraged to try self-employment by outside sources, unemployed people who are about to lose their unemployment benefits may feel the urge to go into business for themselves.

Necessity entrepreneurs also have an expectation of their business growing. There are significantly more necessity entrepreneurs among the self-employed (defined as having no workers) and small business owners (Margolis, 2014). When the alternative to



entrepreneurship matters to people, the existence and relative predominance of necessity entrepreneurs in poorer nations may highlight the significance of small enterprises. (Poschke, 2013).

Necessity entrepreneurs offer a well-rounded viewpoint on entrepreneurship and its significance for growth in particular. (Morris et al., 2013). It also aids in policy planning because numerous initiatives aimed at fostering entrepreneurship are likely to be adopted, not only by 'opportunity entrepreneurs' and 'necessity entrepreneurs' (Baker & Welter, 2014). Concerning necessity entrepreneur's characteristics, they ensure that they use all their characteristics by taking more risks, bringing in more new and innovative ideas that can improve and sustain the business (Van der Zwan et al., 2016). Before entry into self-employment and business characteristics that might lead to different economic development and the start-up business. They might influence the length of self-employment and the duration and survival of necessity entrepreneurs (Carsrud & Brännback, 2011).

2.3.2 Necessity entrepreneurship characteristics

Necessity entrepreneurship has different characteristics, such as the nature of the business, entrepreneurship education and skills level together with financial resources (Van der Zwan et al., 2016). The next segment elaborates on these traits.

2.3.2.1 Nature of the business

Necessity entrepreneurs are assailed by "push factors" as a final ditch of economic survival. There has been a semantic shift toward the terms necessity entrepreneurship (Van der Zwan et al., 2016) because they push their way through to ensure the success and profitability of their business.

People who were first unemployed before launching their businesses are referred to as "necessity" entrepreneurs; therefore, due to a lack of other employment options in the market, they are compelled to start their own businesses. (Fairlie & Fossen 2020).



Factors such as high levels of unemployment, reduces business and consumer demand for goods and services, lower levels of wealth, and lack of financing from banks may lead individuals to start a business out of necessity for survival. The more unemployed people there are in an economy, the more necessity entrepreneurship increases (Parker et al., 2009; Bell & Blanchflower 2011; Congregado et al. 2012; Parker et al. 2012; Fairlie, 2013).

2.3.2.2 Entrepreneurship education and skills level

Education in entrepreneurship is the practice-based application of knowledge, attitudes, skills, and competences. It goes beyond preparing students to run their own independent businesses (Balasubramanian et al, 2012). Instead, it involves developing and supporting a learning environment that encourages entrepreneurial qualities and behaviours, such as learning to think independently and creatively, taking calculated risks, being accountable, and appreciating diversity (Balasubramanian et al, 2012).

Most entrepreneurs have lower education compared to traditional businesspeople, run a smaller business than the conventional one, and anticipate their business to grow, but they are still likely to remain for shorter periods in the market (Poschke, 2013). Their education level is of concern because most entrepreneurs who establish their business have low or no education and lack of adequate entrepreneurial education is a challenge to the business's success (Bhorat et al, 2018).

Therefore, entrepreneurship education creates a culture of entrepreneurship and assists aspiring entrepreneurs in identifying and pursuing market opportunities. It goes beyond encouraging start-ups, creative businesses ventures, and new employment. That is why all people can be entrepreneurs, which fosters creativity and self-assurance in young people in all their endeavours (Balasubramanian et al., 2012).

Finding the best way to manage the teachable skills and figuring out how to match student needs and instructional strategies is essential for a successful entrepreneurial education (Lee et al., 2011). Regardless of all recent discussions about entrepreneurship education and training, Mwasalwiba (2010) confirms that young entrepreneurs can be



taught the fundamental entrepreneurial skills, knowledge, and attitudes beyond a shadow of a doubt.

Necessity entrepreneurship must entail entrepreneurship education so as to enable entrepreneurs to develop the necessary skills and knowledge that should guarantee the success of small service business (Sánchez, 2013). According to Rauch and Hulsink, (2015) entrepreneurial education plays a very important role in necessity entrepreneurship as this builds the culture of basic skills for establishing and growing businesses.

2.3.2.3 Financial resources

Small businesses are faced with numerous obstacles that prevent them from developing and extending their operations, such as restricted access to capital, poor managerial talents, limited technological capabilities, and restricted access to raw materials (Eravia & Handayanib, 2015). Most necessity entrepreneurs often start on their own to avoid a lot of payments and unnecessary debts until they are well on their feet and can handle the pressure of the business and maintain a good profit (Peterson, 2019).

Majority of small businesses begin with a lot of promise when the entrepreneur is gifted, has a clear vision, is creative, and the idea for the firm is sound. (Peterson, 2019). Sadly, due to the usual financial difficulties experienced by entrepreneurs, even promising small enterprises collapse, frequently within the first year or two. (Van Gelderen et al, 2011). An entrepreneur or a small-business owner should be aware of the financial pitfalls that many start-ups encounter as they struggle to succeed. The owner of small business or an entrepreneur should be conscious of the financial difficulties that many start-ups face as they try to make it (Eniola & Entebang, 2017).

Many failures of new businesses can be immediately connected to a situation where they are being initially undercapitalized, and even having an excellent idea will not guarantee survival of the business (Rykaszewski et al., 2013). In some instances, businesses fail to start because their owners lack the necessary capital; fortunately, careful planning can prevent initial undercapitalization. Growth potential is limited because the business starts and often remains as solo entrepreneurs (Bravo-Biosca et al., 2013). It is broadly



recognized that business plays a pivotal role in job creation. In this regard, it is important to determine the potential growth of the business and its contribution to the economy (Sedláček & Sterk, 2017).

2.3.3 Entrepreneurial Funding

An entrepreneur pursues passions mostly for financial gains (Buchanan et al, 2013). Additionally, new venture owners indicated that most of them prefer being their boss; hence, they start their own businesses (Barringer & Ireland, 2012). According to Bhat and McCline (2005), most citizens become entrepreneurs to create something new for increased wealth, financial independence, and personal desires. Based on this assertion, entrepreneurs start businesses to be financially independent (Olokundun et al., 2017).

However, most new business owners have difficulty securing capital in today's economy using old sources, such as bank loans, mostly because of their inexperience or a lack of collateral (Barringer & Ireland, 2012). As such, entrepreneurs search for both traditional and non-traditional funding methods to launch their ventures. Standard methods used to raise new venture funding range from utilizing personal savings to retirement plans or accounts (Burnes et al, 2008). Similarly, entrepreneurs borrow money from family or friends, obtain bank loans, use angel investor groups, seek venture capitalists, and utilize accelerator programmes (Hinrich et al., 2010).

Funding businesses are often unavailable because of restricted access (Barnett & Morse, 2013), thus, creating even harsher barriers for start-ups in the country. Furthermore, non-traditional methods of funding start-ups, such as peer-to-peer lending or crowdfunding, is just emerging and rare, especially in an emerging economy such as South Africa (Barnett & Morse, 2013).

Necessity entrepreneurs could be funded through private financing that involves using their capital and savings or commercial banks or financial schemes, retail banks, or other lending institutions (Pandula & Paris, 2011). For SMMEs to maintain their operations, the banking sector is typically viewed as the primary source of financial capital (Nawai & Shariff, 2010). Necessity entrepreneurs could also get their funding through friends and relatives to help start their businesses (Hinrich et al., 2010).



2.4 SMALL SERVICE BUSINESSES

A small service business (SSB) can be defined as a business that has less than 50 employees, while medium-sized enterprises are defined as a business with less than 250 employees, such as hair salons, restaurants, and internet cafes (Wei et al., 2013). The small service businesses are often characterized by simple management and the omnipresence of the owner in all business processes (Machek, 2012). The SBB mandates small business to forge solid relationships with their clients and raise the value of services they offer. (Wei et al., 2013).

Small and medium-sized businesses foster innovation, competition, and economic development. (Bosma & Schutjens., 2011). The ability of the sector to provide possibilities for the general population to work and to make use of local resources and intermediary goods determines the contribution and significance of small service enterprises to the national economy. (Bosma & Schutjens, 2011). Small business promotes equitable development in the industry, reducing income disparities and increasing the source of funding for the South African government (Bosma & Schutjens, 2011).

The survival of small and medium-sized businesses is frequently hampered by various causes. (Adeoye & Elegunde, 2012). Exceptional and well-proven entrepreneurial talents are required for the creation of successful small, micro, and medium firms on a worldwide scale. Depending on the business owner, only a tiny percentage of small businesses can grow to medium size and then expand into huge businesses. (Sidika et al., 2012). The entrepreneur's predominant role in creating SMMEs is one of the key distinctions between small and large firms. (Ayandibu & Houghton, 2017). Entrepreneurs influence the business position and strategic directions (Sidika et al., 2012) and affect business growth and the relationship between necessity entrepreneurship and firm survival. The following aspects are important in understanding small service business.

2.4.1 The SMMEs Sector

Small, micro, and medium-sized enterprises (SMMEs) are crucial because of their low capital-to-output ratio, optimal use of locally available resources, and other multiplier effects per investment. (Worku, 2014). The South African Department of Trade and



Industry views the SMME sector as a crucial component in supporting economic growth among the unemployed masses in urban and semi-urban areas (Zulu, 2019). Small and medium-sized enterprises frequently rely on locally produced and accessible technologies to operate, as a result, increase in SMMEs corresponds to growth in locally and indigenously produced technology (Ndofirepi, 2016). The SMME sector is essential to promote overall economic growth and reduce widespread poverty.

The South African government assists the SMME sector in developing the capabilities of local business owners and promoting the use of local resources, technologies, and labor. (Worku, 2014). The SMME sector is essential for the development of skills, transfer of technology, and reduction of unemployment-related poverty. The South African government views the SMME sector as a growth and economic expansion engine as a result. (The South African Department of Trade & Industry, 2013).

2.4.2 Challenges experienced by SMMEs

Poor profitability and a lack of financial resources are some of the factors that cause businesses to fail in South Africa., Global Entrepreneurship Monitor (GEM).The labour regulations in South Africa are a major regulatory barrier to the growth of businesses (OECD, 2015).

According to GEM (2014), small business have discovered that the law makes it difficult for companies to fire some employees even if they can no longer afford to keep them or if they are not productive. Furthermore, South African laws dealing with labour matters do not provide monthly allowances for small business, which indicates that, they will be subjected to high labour cost. Minimum wage for most of the employees in South Africa is high, which costs more for small business especially at their initial stage of starting the business; therefore, it is expensive to employ workers who are semi-skilled and unskilled, which is a huge barrier to small business expansion (GEM, 2014).

SMMEs encounter difficulties that could endanger their survival and expansion (Adeoye & Elegunde, 2012). The difficulties include market access, money problems, and competition (Centre for the Development of Enterprise, 2013). The biggest problems faced by SMMEs are a lack of funding, a lack of knowledge, a lack of innovation,



failure to plan or no planning, poor management, a lack of business knowledge, poor and/or no record-keeping on business performance, poor quality of products, poor marketing, and not having a market (Bushe, 2019).

Entrepreneurs are unable to acquire financial assistance due to certain hindrances such as lack of credible business history, lack of business plan, poor market research, lack of viable business ideas as well as lack of market accessibility and such are of importance to the success and growth of any small business, (Financial Services Regulatory Task Group, 2007; GEM, 2014).

To aid in the success of the business, the government and other players, including banks, have made an effort to finance SMMEs. Business success is dependable on their accessibility to the market, as success of any business comes through selling products or services regardless of the amount of funding they might have acquired.

2.4.3 SMMEs' environmental challenges

To start a small business in South Africa, a number of procedures must be followed. (Chiliya & Lombard, 2012). Early-stage entrepreneurial activity within the SMME sector is hindered by the environment that has been created by policies regulated by the government. (Kelley et al., 2012). Newly founded businesses in South Africa are registered with the South African Revenue Service (SARS) and the Department of Trade and Industry (DTI) (SARS, 2014). Thus, every business's success depends on modifying its operations to suit the surroundings (Adeoye & Elegunde, 2012).

Adeoye and Elegunde (2012) believes that in order for a business to succeed in the dynamic and quickly changing business climate, it must design and implement effective strategies that will protect its operations and produce the necessary outcomes. Akindele et al (2012) are also certain that business survival is the ability of a business operate despite various challenges. In this respect, the managerial process of regularly directing business affairs is critical to all stakeholders (Akindele et al., 2012).

Ciano et al (2011) is of the opinion that money is a determining factor in any transformation initiative for a business entity. Ghazali (2010) points out that the internal source of the business strength is linked to their finances, and its weaknesses are linked



to business management. On the other hand, the external source of business opportunities the government's encouragement and support (Osotimehin et al., 2012). At the same time, businesses face threats from various bureaucratic procedures so as to obtain fitness certifications and plan approval (Ghazali, 2010).

Norzalita and Norjaya (2010) reported that the relationship between market and business performance was unaffected by market-technology turmoil and the level of competition. Adeoye and Elegunde (2012) mentioned that ongoing environmental changes place additional demands on business performance. Companies frequently develop and put into practice plans to restructure and reform how products are produced and disseminated to final consumers in order to adapt to these changes (Obasan, 2014). The researcher concurs as well that environmental challenges affect the business in a big way, either to grow the business or attract more customers to ensure that the business survives and grows.

2.4.4 SMMEs Sustainability

Ratten (2011) reported that even though financial access is important for small businesses' growth and development, entrepreneurial abilities or skills are equally important. SMMEs have a significant failure rate in their first three years after inception. They lack entrepreneurial abilities and fail to analyse market dynamics (Hosseininia & Ramezani, 2016). Failure to use resources and the abuse of resources could contribute to the high failure rate of SMMEs (Ndege & Park, 2015). SMMEs might also fail to meet customers' expectations and cannot acquire training on essential entrepreneurial skills (Hosseininia & Ramezani, 2016). Furthermore, failure to draw up a business plan is a serious issue in the SMME sector as it happens due to a lack of leadership (Ropega, 2011).

Tucker and Rowe (2014) mention that small and medium-sized businesses that fail during their first three years of operation frequently exhibit poor organizational and leadership skills. In order to lead small enterprises that are successful and viable, entrepreneurial skills are required (Samian & Buntat, 2012). A successful entrepreneur has outstanding leadership abilities or skills and can make the right decisions to enable small businesses to thrive under challenging circumstances (Samian & Buntat, 2012).



Therefore, for any business to survive, the business needs to be sustained. The term "sustainability" can be honed in a South African SMME regime to "economic sustainability" –the capacity of a business entity to achieve solid financial performance in order to achieve sound financial position, which will, in turn, permit it to continue operating for the foresee-able future (Lebacq et al., 2013). The informal sector, which significantly advances South Africa's economy, is dominated by small, medium, and micro enterprises (SMMEs). In a tough and competitive informal sector, they also play a crucial role in promoting entrepreneurial survival and sustainability.

2.5 HAIR SALONS AS SERVICE BUSINESS

For a long time, the hair and beauty industry has long been shunned by influential figures in the economy as being inferior. (Mwangi & Wanjau, 2013). The hair and beauty industry are taken as unprofessional undertakings and business ventures. Many people consider them a last option or as an additional source of income (Sahota, 2014). Moreover, most people pursue this business mostly out of necessity rather than as an opportunity (Mwangi & Wanjau, 2013).

However, like any other business, hair salons face differentsuch as inadequate market research, unavailability of credit, poor access to necessary information, and a lack of demand for their products (Mwangi & Wanjau, 2013). Besides these obstacles, the industry significantly contributes to job possibilities, especially in South Africa (Wan et al., 2014).

Mwangi and Wanjau (2013) a notable characteristic of the salon industry is that it struggles with a relatively high worker turnover rate. Most salon staff members never sign employment contracts, which presents a challenge for legal and human resource management. Often, salon owners and managers do not motivate their employees (Suttikun et al., 2018). It is however interesting to note that when staff relocates from one salon to another, they frequently relocate with their own clients out of retaliation of the spite they receive from their employers (Griffiths & Gilly, 2012). Despite having a record number of customers, hair salons do not exhibit the anticipated growth, and their economic contributions are small (Mears, 2011).



2.6 THE ROLE OF NECESSITY ENTREPRENEURSHIP IN THE CREATION OF SMALL SERVICE BUSINESS

The role of necessity entrepreneurship is to guide the business in making it successful with all possibilities and identifying uncertainty features that may influence the economic activity (Behnoosh, 2012). Necessity entrepreneurship is based on economic growth and how entrepreneurship has been promoted (Karlan & Valdivia; 2010; Oosterbeek et al., 2010). It contributes to development initiatives that could boost the economy of a country if they are effectively managed (Karlan & Valdivia, 2010; Bruhn & Zia, 2011).

According to Shrivastava and Shrivastava (2013), the role of necessity entrepreneurs is to be the main movers in economic development, and their function is to introduce something new. Nzewi et al (2017) assert that it is anticipated that the establishment or expansion of a new business will result in economic development. It also means that development may happen because of the self-employment that is assured in setting the enterprise (Nzewi et al., 2017).

Necessity entrepreneurship leads to self-employment, which offers chances for jobs and market creation (Fairlie & Fossen, 2018). The emergence of small enterprises and economies of scale as income rises enable a larger company to meet the rising demand of expanding markets. This elevates their relative significance in the economy, leading to people finding stable employment and decreasing business start-ups (Nzewi et al., 2017).

The role of necessity entrepreneurship is to help governments enhance and sustain economic development (Behnoosh, 2012). The sustainability of creating new enterprises can be established by identifying the characteristics of entrepreneurs and entrepreneurial funding (Behnoosh, 2012). Whether large or small, any business involves different stakeholders who may affect it directly or indirectly (Gjergji et al., 2021).

2.7 STAKEHOLDERS THEORY

Freeman (2014) defines stakeholders as those organizations and people who have the potential to influence or be affected by actions related to value creation and trade (examples of stakeholder groups are employers, employees, communities, and the environment). Furthermore, because the interests of each stakeholder group are diverse



and inextricably linked, no stakeholder can act independently during the value generation process (Chabuda, 2019).

It is crucial to keep in mind that the interactions between a business and its stakeholders, rather than the company itself, serve as the unit of analysis for the stakeholder theory (Freeman et al., 2010). Freeman (2014) argues that the executive's top duty is to generate as much value for stakeholders as feasible. Relationships between employers, clients, suppliers, employees, and communities affect almost every business (Harrison & Leitch, 2014). However, as a business launches, one stakeholder (suppliers or customers) is more important than another (Freeman, 2014).

Relationships between financiers, clients, suppliers, employees, and communities are issues that almost every business faces to some extent. These groups are referred to as "primary" or "definitional." Moreover, without their patronage, the business would not be able to survive (Andriof et al., 2017). The following section reviews the stakeholder, especially within necessity entrepreneurship

2.7.1 Stakeholders and their role in the creation of Small Service Business (SSB)

Stakeholders such as employees, employers, customers, suppliers, the community, and the environment play a specific role in small businesses and their creation (Tantalo & Priem, 2016). Secondary stakeholders like interest groups and governmental organizations are not important for existence, however primary stakeholders like clients, employees, rivals, and shareholders are. Such differences may be overly straightforward and neglect the relational considerations (Evers et al., 2016). These primary stakeholders (employees, employers, customers, suppliers, community, and environment) sustain small service businesses.

Entrepreneurs have categorised specific business stakeholders into allied, cooperative, and neutral stakeholders (Evers et al., 2016). This categorisation of these stakeholders is discussed below.



2.7.1.1 Allied stakeholders

Allied stakeholders affect the business' running, such as suppliers, distributors, direct customers, and other business alliances (Evers et al., 2016). They both share a cooperative connection orientation with the business, thus the relationship is very important to both of them. The goal of this learning loop between allied stakeholders and the company is to incorporate new or enhanced versions of existing dynamic capabilities (Evers et al., 2016).

2.7.1.2 Cooperative Stakeholders

Direct customers, distributors, suppliers, and other cooperative stakeholders act in a manner consistent with their allied counterparts in business. They are familiar enough with the industry to comprehend any unusual or inconsistent behaviour and its causes (Evers et al., 2016). Although the partners commit to some aspects of the relationship, they are hesitant to make too many detailed commitments, which may, in turn, affect the running of the business and decrease its profitability of the business (Andersson et al., 2012).

2.7.1.3 Neutral Stakeholders

In order to achieve their own objectives, neutral stakeholders, such as industry experts, public figures, and neighbourhood organizations collaborate with the neighbourhood business; they believe their objectives are distinct from those of the firm, and there is trust between them (Evers et al., 2016). They think they can balance each other's expenses and advantages of opportunistic behaviour when the business is vulnerable (Evers et al., 2016).

Additionally, stakeholders are categorized under their formal names (e.g., employers, customers, employees, community, and environment) with no reference to their relationship with the local business and vice versa (Evers et al., 2016).

2.7.2 Employers and employees in small service businesses

As the SSB stakeholder, employers are usually owners/managers and have a dominant position in making primary decisions related to the business entity (Hasle et al., 2012).



Berggren and Olofsson (2015) reasons that most owners/managers in SMMEs do not prefer to finance business operations using external finance as it entails changes in the ownership structure.

In the same vein, SMMEs owners/managers influence their business financing decisions, performance, and growth (Vos et al., 2007). Employers are the driving force behind every business, and they ensure the smooth running of the business. They risk starting a business and ensuring that it runs by employing different individuals for the success of the venture (Berggren & Olofsson, 2015).

On the other hand, employees' livelihoods and jobs are typically at risk, and they frequently possess specific skills for which there is typically no ideal market (Drucker, 2012). They anticipate security, pay, benefits, and meaningful job in exchange for their labour (Freeman, 2014). Employee participation in business decision-making is frequently expected. They have a lot of responsibility for the management of the business if they are managers or senior executives (Cremers & Ferrell et al., 2014). Since many businesses offer stock ownership plans, dedicated employees who trust in the future of their businesses frequently voluntarily invest (Freeman, 2014). The employee relationship can be viewed through their contracts with the business, and they are of benefit to the business (Freeman, 2014).

Finding methods for workers to remain content and involved in their work at various phases of their lives is more important given the nature of their relationship with the company (Zaniboni et al., 2014). To effectively and sustainably change their strategy and leadership styles and enable their people to flourish, businesses need to learn more about their employees (Hertel et al., 2021). Businesses should be aware of all employees' well-being since this contributes to productivity of the business venture (Robertson & Cooper, 2010). It is crucial to understand that a happy employee is essential for a successful business. (Sila & Širok, 2018). Employees who are anxious, depressed, and unsatisfied cannot produce as well as those who are less anxious and more satisfied (George & Zakkariya, 2015).

Onsongo & Muturi (2015) share the conviction that as most employees influence their clients to move with them from one business to another, if they are of the belief that they



were badly treated, therefore making it hard for employers or managers to control their employees and customers. Moreover, employees face additional hurdles as a result of demographic shifts and age diversity (Hertel et al., 2021).

2.7.3 Customers in small service businesses

Customers are the most important stakeholder within small businesses; without this stakeholder, a business cannot exist. The customer trades resources for the company's goods and services, and in return, enjoys the benefits of those goods and services (Onsongo & Muturi, 2015). In addition, business ethics now includes customer relationships (Freeman et al., 2017).

Business interaction with customers is inseparable from the production process. Information about customer needs must be obtained to apply those needs to product innovations already in use (Grissemann & Stokburger-Sauer, 2012). Customers can therefore be thought of as "part-time" employees of a company in the service sector who take part in the provision of services and value the collaborative development of new service offers (Feng & Chen, 2020). In addition, businesses use marketing to make promises to customers, and when the goods or services fall short of the expectations, management is directly responsible for making things right.

2.7.4 The community in small service businesses

The local community permits the firm to construct facilities, and in return, it gains from the business's tax base, economic output, and social contributions (Onsongo & Muturi, 2015). As communities do not always have complete knowledge, it is expected that management will alert the community whenever there is a threat, or a new competitor enters the market and work with them to reduce any negative consequences (Freeman, 2014). Moreover, the community should not be exposed unreasonable risks from hazardous waste and pollution. This calls upon the business venture to operate transparently as far as possible (Freeman, 2014).



2.7.5 The environment in small service businesses

Kraus et al (2012) and Neneh (2016) indicate that the business success can positively or negatively be influenced by factors in the environment. Thus, the environment is an important indicator for the contingency or contextual factor in relationships involved in entrepreneurship (Martins & Rialp 2011). According to Hiatt et al (2012), weak institutions that directly affect new venture survival characterize the external and institutional environment's impact on business outcomes.

Crime, corruption, weak enforcement of property rights and contracts, and an education system that discourages entrepreneurship are all potential reasons why new SMMEs fail (Fatoki, 2014). So does the term "business environment" refers to all forces, circumstances, and institutions outside of the control of the business that cumulatively or singly affect the business enterprise's functioning (Ibidunni & Ogundele, 2013).

The business environment is influenced by variables including clients, suppliers, competitors, and the government as well as by social, political, legal, and technological aspects (Ibidunni & Ogundele, 2013). The business environment is categorized as dynamic, stable, and unstable, which frequently aids a corporation in choosing the best approach (Ibidunni & Ogundele, 2013). As a result, there are greater interrelationships between environmental issues and corporate success in terms of profit objectives, necessitating more sophisticated business strategies (Epstein et al., 2018).

2.8 LINK BETWEEN NECESSITY ENTREPRENEURSHIP AND STAKEHOLDERS

Entrepreneurship is seen as a positive way through which individuals develop and at times of economic turbulence, foster creativity, innovation, and job opportunities (Perren & Jennings, 2005). A key finding is that entrepreneurs must possess creative and imaginative abilities to launch a successful business and manage the inherent risks of venture formation (Griffiths & Gilly, 2012; Mayhew et al., 2012).

In light of the prolonged and pervasive nature of the economic crisis, the 'Schumpeter effect', whereby entrepreneurship lowers unemployment has gained acceptance (Sanchis et al., 2015). Beyond economic concerns and the establishment of small service



businesses through entrepreneurship for many of the unemployed, entrepreneurship is also a means for gaining recognition and social acceptance (Sanchis et al., 2015).

It is crucial to remember, regardless of the normative core that is employed, that the form of stakeholder theory emphasizes "managing stakeholder relationships" as opposed to "stakeholder management," which would suggest controlling others (stakeholders). A completely distinct frame is produced when the relationship between stakeholders is the point of focus.

Stakeholders such as customers and the community influence necessity entrepreneurship by ensuring that they are available and get involved with business initiated out of necessity (Zahra & Wright, 2016). Necessity entrepreneurship relates well with stakeholders to ensure success of the business (Hopp & Stephan, 2012). Schaltegger and Wagner (2011) are convinced that stakeholders ensure sustainability and innovation of business that started out of necessity.

2.9 STAKEHOLDERS STRATEGIES AND BUSINESS SURVIVAL

Stakeholder research has long acknowledged the significance of maintaining ties between an organization and its stakeholders (Parmar et al., 2010). According to Freeman (1984), stakeholders are people or organizations who can influence or be influenced by a company's efforts to achieve its goals. This list of parties includes, but is not limited to, clients, vendors, owners, creditors, alliance partners, and local communities.

Given their connection, a business's survival and success are, in many respects, jointly determined by its stakeholders (Bundy et al., 2018). Hence, successful businesses often can effectively incorporate with stakeholders and have understood activities that benefit both parties or the relationship that they are in (Bosse & Coughlan, 2016).

Stakeholder's theory was founded in strategic management theory and thus, stakeholders are an important key element for success of a business as they have an effect on the long-term strategy goals of the business (Freeman, 1988; Aarseth, Rolstadås & Andersen, 2011). As such, involving stakeholder's interest in the business strategic decision is vital for growth and success (Theodoulidis et al., 2017).



There is no consensus though on the word stakeholder, which is partly contributed by scholars who place most emphases on the inclusiveness of who plays the role of a stakeholder (Derry, 2012). In addition, there may be conflicts of interest between managers and stakeholders or even within the stakeholders themselves, which could confuse the lines between jobs (Eskerod et al., 2015). The power of stakeholders includes the impact that different stakeholder groups have over businesses; these stakeholder groups are often managers, customers, suppliers and the environment (Cormier & Magnan, 2003; Sanzo et al., 2011).

Forming a new perspective on how stakeholders and business interact, seeing that successful interactions involve some degree of fit or compatibility (Bundy et al., 2018). Harangozo et al (2018) says that relationship partners who share basic values and strategic aims maximize cooperative behaviour between a firm and its stakeholders.

The stakeholders' traits include communication, attraction/exchange, relational predictability, and trust, which help to build positive relationships with businesses (Bridoux & Stoelhorst, 2016). Instead of focusing on only one or the other, managers who wish to foster meaningful connections with stakeholders should prioritize bringing their values and priorities into alignment. (Mas-Verdú et al., 2015). When stakeholders feel that a company is functioning in a way that is compatible with their values, they are more likely to interact with it (Harris & Wicks, 2010; Harrison et al., 2010; Harrison & Wicks, 2013; Bosse & Coughlan, 2016).

The business's ability to survive is determined by the involvement of its constituents (Spence, 2016). Stakeholders (customers, community, environment and employers) are key factors for any business operating out of necessity to survive and grow. According to Salvioni and Almici (2020), Entrepreneurs have to ensure that they engage all their stakeholders and have them involved in the business. The environment in which the business is located is of importance for growth and survival of the business (Löfsten, 2016).



2.10 FIRM SURVIVAL

The rate of survival for small businesses is determined by many events such as the country's economy, financial resources and the threat of natural disasters to even the healthiest businesses. Furthermore, understanding how small businesses survive is crucial for the welfare of each one of them as well as the community at large (Marshall & Schrank, 2020).

Small businesses and the factors affecting their survival are common in research literature. It estimates that approximately half of the businesses that start do not survive their first five years, and eight out of ten fails within the first three years (Mason, 2011). Though growth may increase the chances of survival, it is not easy to identify which business is likely to grow (Coad et al., 2016).

The survivalist mindset of the majority of SMMEs has led to their short-sightedness. As a result, it is possible that most SMMEs lack the ability to significantly reduce poverty by offering nearby communities an opportunity to find work and preserve their way of life. (Albaum, 2011). The lack of access to finance and low profitability is why small businesses close shop (Hollensen, 2014). The following are some factors identified as affecting firm survival.

2.10.1 Factors that affect firm survival

A small business is affected by numerous factors that can determine the rise and fall of any business, such as inadequate management of human resources, lack of training and education and lack of access to technology:

2.10.1.1 Lack of human resources management

Human resources refer to the process by which an organization foresees the needs of its personnel in order to meet market expectations and satisfy its stakeholders. (Nzonzo & Matashu, 2014). The SMMEs' human resources are impacted by multifunctional management, inadequate staff planning, and a high employee turnover rate (Smit & Watkins, 2012). Yet, general management abilities, such as motivation, delegating, leadership, and strategic planning, tend to boost an entrepreneur's performance (Nieman



& Nieuwenhuizen, 2010). Therefore, small businesses need human resource management to meet the market demands of their stakeholders.

2.10.1.2 Lack of training and education

An employee needs training and education to increase their effectiveness in the workplace (Nieman & Neuwenhuizen, 2009; Nicolaides, 2011). Training and education put an emphasis on the knowledge, attitudes, and abilities of the workforce, which help small businesses, carry out their mandates for socioeconomic development (Nzonzo & Matashu, 2014). They include interpersonal and interpersonal communication abilities, as well as general management skills including budgeting, strategy, marketing, project management, time management, delegation, leadership, and negotiation (Nieman & Neuwenhuizen, 2010).

Entrepreneurial skills acquisition is a process by which a person receives training or education to acquire a skill or kind of behaviour necessary for business in order to recognize and take advantage of the entrepreneurial opportunity for self-employment (Amadi et al., 2016). Furthermore, it supports entrepreneurs' development of self-worth, confidence, and ability to make decisions in their households and communities (Cheston & Kuhn, 2002; Ahmed-Rufai et al., 2013). There may be business prospects and effects on entrepreneurship as a result of skill development and higher education (Emaikwu, 2011). The ability to capitalize on business opportunities is influenced by the entrepreneur's level of education, training, work experience, and social network (Shane & Ulrich, 2004; Shastri & Sinha, 2010). It is for this reason, education and training typically result in readiness for entrepreneurial activities (Shane & Ulrich, 2004).

According to Fritsch et al. (2014), people are a company's most important asset. As a result, employees need training programs to accomplish organizational goals successfully. The focus of training and education is on modifying employees' attitudes and values to better understand organisation needs, which could support employees from various cultural and societal backgrounds (Van Scheers, 2011; Horwitz et al, 2013). Although education and training aims to instil different business ideals, SMME owners and managers might not have the resources and knowledge to provide or engage advisors.



2.10.1.3 Lack of access to technology

According to Wahab et al (2012), technology is made up of two main parts: informational and physical parts. Products, tools, equipment, plans, procedures, and processes make up the physical part. The informational parts, in contrast, comprises of expertise in management, marketing, production, quality control, dependability, skilled labor, and functional domains (Wahab et al., 2012). Blowers, dryers, hair chemicals (local or imported), a dependable power source, hair food, and hair relaxers are examples of the physical technology that is easily welcomed and used in the hair salon industry. Knowing the most recent haircuts, skin treatments, preferred manicure and pedicure techniques, and hair chemical product lines are all part of the informational parts. Thus, SMMEs in the hair salon business need to be updated with the latest technology (Wahab et al., 2012).

Nevertheless, SMMEs struggle to make financial breakthroughs as they try to gain access to current technology (Chimucheka, 2013). Usage of technology is expensive, and numerous business that start are not able to afford such investments at the initial stage (Chimucheka, 2013). Several SMMEs want to invest in technologies for their businesses, but doing so is challenging since they lack understanding (Afolayan & De la Harpe, 2020). Businesses face difficulties in distinguishing the cash flow related to the project for which they wish to use the technology due to the high opportunity cost of limited managerial time (Mbonyane, 2006). According to Urbaniec (2015), limited use of technology is an obstacle for enterprises grow and develop.

According to Alembummah (2015), many small business owners seem to be unfamiliar with new technology, and those who are typically struggle with issues related to accessibility, affordability, and availability. As a result, SMMEs in South Africa are unable to understand and take advantage of the enormous advantages of technological innovation. (Ajibade & Khayundi, 2017). The emphasis of entrepreneurship policy lies not only in creating firms at a general level but in also creating technology-based firms (Schwartz et al., 2013).



2.11 THE RELATIONSHIP BETWEEN NECESSITY ENTREPRENEURSHIP AND FIRM SURVIVAL

It is acknowledged that an enterprise's survival is not solely reliant on the human capital of the entrepreneur (Hansen & Hamilton, 2011). Blackburn et al. (2013) notes how the owner/managers of SMMEs play an essential role in determining the strategies for small businesses and ultimately influence the performance achieved by the businesses. Kessler et al. (2012) concur that survival positively correlates with the entrepreneur's general growth motivation.

Survivalist activities are distinguished as necessity-driven without clear aims or prospects for growth (Afutu-Kotey et al., 2017). On the other hand, growth-oriented business are identified as opportunity-driven (Kelley & Preacher, 2011; Singer et al., 2015). Therefore, necessity-driven entrepreneurship is prompted by the fact that an individual has no other opportunities to work (Singer et al., 2015). Hence, self-employed individuals have no other options to find means to work, consequently a large portion of necessity entrepreneurs seem to dominate the developing or low-income countries (Singer et al., 2015).

Necessity entrepreneurs show lower survival rates than opportunity entrepreneurs due to a lack of the sufficient human capital for enhanced business performance and entrepreneurial survival (Van der Zwan et al., 2016). On the one hand, higher qualification measured by years of schooling or educational attainment is associated with more valuable human capital, which in general should have a positive effect on selfemployment duration (Millan et al., 2014). In addition, factors such as innovation and experience play an important role in explaining entrepreneurial survival rates (Van der Zwan et al., 2016).

Necessity entrepreneurs play a vital role as they bring in new ideas and new ways to run the business. This novelty attracts more customers to the business and the ventures then grow to survive for a longer time (Van der Zwan et al., 2016). However, necessity entrepreneurs exhibit lower survival rates of their businesses at the start and then, later, have higher survival rates than start-ups out of necessity (Block & Wanger, 2014). Self-



employed entrepreneurs reduce the probability of entrepreneurs' failure but have no significant impact on necessity entrepreneurs (Millan et al., 2014).

The entrepreneur pursues the quick expansion of small and medium-sized firms with their orientation toward these new opportunities (Hollensen, 2014). Therefore, in order to consistently provide customers with a superior value and to attain a high level of performance for the business, firms need to take environmental hazards into account.

A small service business (SSB) is an example of a new entrepreneurial enterprise where there is a reasonable relationship between the potential for the entrepreneurs and the unpredictability of the business environment (Schmitt et al., 2018). The Global Entrepreneurship Monitor (2014) emphasized the clear connection between a country's degree of economic development and the type and intensity of entrepreneurial activity to give the information needed for a worldwide assessment of entrepreneurship's contribution to the economic progress of different countries. (GEM, 2014).

Hosseininia and Ramezani (2016) promote the idea that fostering entrepreneurship is essential to the long-term growth of any market economy. Hosseininia and Ramezani (2016) further argue that entrepreneurs must consider the positive consequences on social and economic levels while using a sustainable strategy. Valliere and Peterson (2009) drew a conclusion that the establishment of a new business is a sign of entrepreneurial activity and a predictor of growth in industrialized nations with specific temporal lags. Small business owners and entrepreneurs are the financial catalyst for most countries worldwide (Arnot et al., 2012). The researcher is of the belief that an entrepreneur, who does not have any other alternative but to start a business, will ensure that the business survives no matter what circumstances they find themselves.

2.12 NECESSITY ENTREPRENEURSHIP AND DEMOGRAPHICS VARIABLES

Entrepreneurship can be considered as an act of business when "the owner or manager of a business enterprise attempts to make profits" through risk and initiative (Pramono et al., 2021). A nation's economy has long been viewed as being driven by the growth of entrepreneurship together with its demographics (Aremu & Adeyemi, 2011).



Below this segment discusses the connections between necessity entrepreneurship with demographics (gender, age and nationality).

2.12.1 Gender

Gender differences can be categorized into biological and social concepts (Kang & Kim, 2020). Gender disparities exist in the brain, including variances in intelligence, spatial and temporal abilities and distinct gender-specific behaviours can have an impact on each person's capacity and performance (Kang & Kim, 2020).

It was discovered that gender influences entrepreneurial intentions (Brush et al., 2019). Hassan, et al. (2020) confirmed that men are more entrepreneurial than women. GEM Reports on Women and Entrepreneurship states that after looking at the rates of entrepreneurship in over 40 countries, it was discovered that women's rates were consistently lower than men's rates in each of these nations (Tsyganova & Shirokova, 2010). Based on these studies, conclusion that can be drawn is that gender differences are significant influences in making decisions on business engagements.

For three decades, women's entrepreneurial motivation has become an increasingly important topic. Most research intends to investigate the underrepresentation or the underperformance of women in the entrepreneurship field, even in the most developed countries (Henry et al, 2019; Brush et al., 2019). However, no studies are available comparing the entrepreneurial drivers of younger and older women entrepreneurs, such as the impact of age on motivation that still presents an underexplored area of entrepreneurship (Obschonka et al, 2011; Chlosta et al, 2012).

The decision to start a business and the likelihood of its success are both influenced by social networks and contacts with other aspiring and seasoned entrepreneurs (Block, 2018). Díaz García (2010) and Jiménez-Moreno and Minniti (2010) revealed that female entrepreneurs seek assistance from their families and other women when deciding to start a firm, though their networks are typically smaller and less diversified than those of men.

Women, compared to men, take more risks in establishing necessity business because they need to support their families (Kothari, 2017; Movono & Dahles, 2017). Female



entrepreneurs have contributed significantly to economic growth and helped to keep the economy stable especially during times of economic recession (Mustapha, 2016). Despite having non-business social networks, women-owned firms succeed because of their capacity for invention, which helps them spot possibilities. (Kothari (2017).

2.12.2 Age

The relationship between age and entrepreneurial aptitude, knowledge, experience in the workplace, and self-confidence shows conflicting trends. In many studies, it has been established that the available funds increase with age, which culminates in an increment in entrepreneurial awareness to opportunities (Sahasranamam & Sud, 2016). As an individual age, the degree of family duties rises and there is less time for work, which discourages people from starting their own business (Levesque & Minniti, 2006). This observation resonates with the hair salon business landscape in SA where young women are more likely to venture into the trade as opposed to older women.

By isolating the two components of this relationship, it is possible to explain discrepancies in the perception of the effect of age on self-employment (Stefanović & Stošić, 2012). It is important to distinguish between the potential for starting a business and the inclination (desire) to do so. In a supportive environment, a ready person who is driven by this alternative will start their own business. An individual will not select the choice of working for themselves if one or both of the prerequisites, namely willingness or possibility, are not met (Olugbola, 2017). It can be predicted that the likelihood of becoming an entrepreneur will rise with age if one looks at age as a measure of the quantity of one's personal, financial, and social capital (Van Praag et al., 2010). Yet, people's motivation to work for themselves declines with age, thus while older people have more opportunity to do so, younger people are more motivated to do so.

Taking into consideration the reasons for and against the favourable effects of age for self-employment, it makes sense that there is a certain age beyond which people become less willing to launch their own businesses, and that is likely to be people who are in the middle of their careers (Minola et al., 2016). Analysis of the non-linear dynamics of the self-employment rates with respect to age should take into account research suggesting



that the likelihood of being self-employed rises with age up to a certain point before declining or stabilizing (Bell & Blanchflower, 2011).

Kautonen et al., (2014) are of the belief that the ideal age to start a business is anywhere from 34 - 45 years old, with 45 being the median age. However, that does not mean that the entrepreneur has to be within that age range to start a successful business. Entrepreneurs come in all shapes and sizes and business success can come at any age (Azoulay et al., 2020). Burton et al., (2016) suggest that the right age for starting a business of any kind (hair salons), is in the late 30s or 40s. Circumstances such as unemployment and poverty force entrepreneurs to start business at a very young between the ages of 20 - 25 in South Africa (Dagume & Gyekye, 2016). Small businesses with no expansion plans do not prioritize start-ups that have the potential to spur new way of doing things and growth of the economy (Levine & Rubinstein, 2017).

2.12.3 Nationality

The number of non-South Africans running entrepreneurial operations in various economic areas has skyrocketed in South Africa as a result of the increase in migration (Kalitanyi & Visser, 2010). Various entrpreneurs in South Africa have various cultures, values, and operating procedures. This is a global phenomenon known as immigrant entrepreneurship, according to Chimucheka et al. (2019). Efrat (2008) together with Crockett and Kauffman (2013) state that immigrant entrepreneurship has been of interest to researchers because it indicates how other nationalities start their business.

The fact that immigrant small business owners are more enterprising than their nativeborn counterparts and as a result more successful with higher survival rates typically emerges from the literature (Fairlie & Robb, 2008; Efrat, 2008; Crockett & Kauffman, 2013). Geographical barriers have become blurrier as a result of globalization and technological development, leading to an increase in immigrant entrepreneurship. Immigrant entrepreneurship is a phenomenon that occurs when entrepreneurship is practiced, whereas entrepreneurship entails starting and operating a business. (Sahin et al., 2006; Azmat, 2010; Tengeh, 2011; Tengeh et al., 2012). Entrepreneurship among immigrants is widely acknowledged as a key engine for economic expansion and recovery (Chand & Ghorbani, 2011).



It has been noted that immigrant-owned companies are significant to the economy because they also raise GDP (Adendorff & Boshoff, 2011; Azmat & Zutshi, 2012). Additionally, this promotes the integration of immigrants into society, broadens consumer options, aids in the expansion of specific industries, generates jobs, sharpens the competitive edge, and boosts exports. It is crucial to remember that immigrants own a sizable part of SMMEs in South Africa (Adepoju, 2006; Adendorff & Boshoff, 2011).

Immigrants are part of those who build capital through risk and initiative and are an important part of the South African economy that constitute a major source of income and growth (Lee & Black, 2017). South Africa has developed into a haven, centre, and attraction for people from throughout the world to start businesses (Crockett & Kauffman, 2013). As immigrants move in quest of greater economic prospects, they encounter prejudice from the community and from institutions when they first arrive (Crush et al., 2015). According to Kosny et al., (2017) immigrants face a number of barriers finding employment that is in line with their training and education, and so often tap into their self-employment instincts to make a living in the new environment.

Besides these difficulties, Fatoki (2014) discovers that immigrants are more businessminded than South Africans, however the precise number of current enterprises is unknown. The community, particularly in the unofficial sectors like hair salons, frequently harasses immigrants as a result of difficulties acquiring the proper permits (Crush et al., 2015). Due to their inability to obtain employment, many immigrants start their own enterprises (Fatoki, 2014). Furthermore, it has been found that immigrants who own small and medium-sized businesses are more dedicated to self-employment, more upbeat and enthusiastic about the future, and as a result, they invest more in boosting the performance of the company (Cowling et al., 2015)

2.12.4 The impact of demographics on firm survival

One of the primary issues affecting aspiring entrepreneurs is fear of failure. Men and women are also impacted because they occasionally see opportunities and believe they have what it takes to launch a business. Nonetheless, due to this anxiety, they can decide not to pursue them (Kelley et al., 2012). Furthermore, a number of studies demonstrate



that women are far more risk-averse than men when it comes to displaying this unfavourable mindset in their business endeavours (Minniti, 2010).

Although sharing some characteristics, it is known that male and female entrepreneurs have different levels of risk aversion (Narayanasamy et al., 2011). Women are viewed as carrying significantly lower financial risk than men are, which in turn has an indirect impact on their level of success (Kim et al., 2019) price, advertising, and post-purchase support that are value oriented. There are many financial avenues open to women for self-realization through entrepreneurship. It was determined that there is very little gender discrimination in social institutions and business endeavours.

With the growing interest in entrepreneurship, there has been research focused on women's entrepreneurship traits and trajectories (Lerner & Pines, 2010). The position of women in society and the creation of gender roles are both influenced by tradition in many of its forms (Goktan & Gupta, 2015). The value that society places on women working and the importance that society places on the family are reflected in other conventions that impact how much of a contribution women make in professional fields. (Ettl & Welter, 2010).

The interest in gender differences across various stages of the entrepreneurial process is a recent but not a new endeavour in entrepreneurship studies to help maintain firm survival (Shinnar et al., 2012). Leroy et al (2009) explains that, although men and women are equally stimulated by their environment to enter the entrepreneurial process, they have different reasons and motives to become entrepreneurs.

Giacomin et al. (2012) investigated how perceived barriers shape individuals' intentions to pursue an entrepreneurial career. Their results show that variations influenced by cultural differences exist between genders. Age and a number of other demographic criteria, including gender and nationality, have also been identified as elements that are crucial to entrepreneurship and favour the survival of businesses (Ettl & Walter, 2010).

According to Azmat and Zutshi (2012), immigrant-owned firms are typically small-scale and share the traits, issues, and support requirements of SMMEs. According to Azmat and Zutshi (2012), immigrant-owned firms are typically small-scale and share the traits,



issues, and support requirements of SMMEs. Irrespective of the difficulties these entrepreneurs confront, research suggests that immigrants are more entrepreneurial than people who were born locally (Fairlie & Robb, 2008; Sahin et al., 2013). Their usage of migrant networks and entrepreneurial culture may be the reasons for their success. Culture and social networks both contribute to the success of immigrant entrepreneurs (Chand & Ghorbani, 2011). Social networks therefore improve an entrepreneur's legitimacy and access to resources, knowledge, and opportunities. Such legitimacy cumulatively leads to the success and survival of the enterprise (Abbas et al., 2011; Han & Afolabi, 2014). Demographics play a vital role in ensuring business's survival in necessity entrepreneurship and below is an illustration on the relationship between necessity entrepreneurship, stakeholders and firm survival.

2.13 CONCEPTUAL FRAMEWORK

Drawing from both the stakeholder theory and an intensive literature review, a model depicting the interrelation between key variables of the current study has been developed and is presented in Figure 1 below.

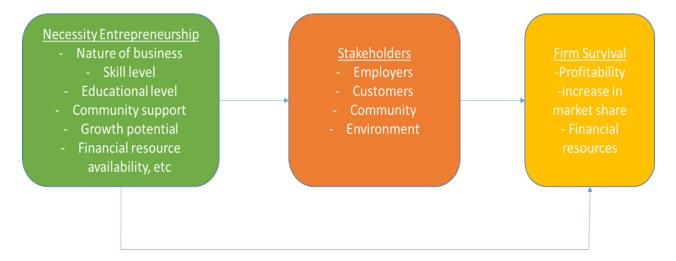


Figure 1: A model depicting the relationship between necessity entrepreneurship, stakeholders, and firm survival.

Source: Author's own conceptualisation



According to Figure 1, SMMEs create expectations from stakeholders, which often force one to start a venture out of necessity (a product of necessity entrepreneurship). The conceptual framework illustrates the relationship between necessity entrepreneurship and stakeholders to ensure firm survival. Stakeholders play a role in determining whether SMMEs that started out of necessity will survive for a longer period or not. Furthermore, the framework also demonstrates that necessity entrepreneurship may lead to firm survival.

2.14 SUMMARY

This chapter outlined the different aspects of entrepreneurship and small business. It also described how most businesses run out of necessity and not an opportunity. The chapter illustrated the dynamics in the necessity entrepreneurship and its stakeholders together with the survival of SMMEs in businesses. The methodology used in this study is thoroughly outlined in the following chapter.



CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

Literature on the impact of necessity entrepreneurship on the survival of small service businesses is reviewed in the previous chapter. This research is a case study of hair salons in Metropolitan Area of Mangaung, Free State, South Africa. The study's research methodology is presented in this chapter. Specifically, the chapter focuses on the methodology, research paradigm, research design, and target population, sampling procedures, collection of data and analysis applied in the study.

3.1.1 PHILOSOPHICAL STANCE

The nature of knowledge and how it develops is central to research philosophy in the social sciences; it is based on ontology and epistemology, which are crucial to the design and research methodologies that a researcher ultimately chooses to use (Bahari, 2010). Ontology is the viewpoint that a researcher brings to bear on their understanding of reality or truth (Creswell, 2014). On the other hand, epistemology is a philosophical perspective on how knowledge can be produced given the ontological attitude taken (Taylor et al., 2012).

Positivism and interpretivism are two ways of classifying research paradigms (Cohen et al., 2007). According to positivism, knowledge should only be produced by observation and measurement. It frequently only uses theories that can be verified or hypotheses that need to be proven or refuted (Bhattacherjee, 2012). On the one hand, interpretivism (also known as subjectivism) is based on the idea that social reality is constantly experienced by various persons who interpret events differently, resulting in multiple perspectives of a phenomenon. (Collin & Hussey, 2009). Hence, interpretivism emphasizes a person's capacity to create meaning.



Positivism is used as a guiding paradigm since the current study uses the Stakeholder's Approach as a theoretical lens and aims to quantify the effect of necessity entrepreneurship on the survival of small service enterprises (hair salons).

3.2 METHODOLOGY

3.2.1 Research Paradigm

The study adopts a positivist approach. In contrast to an interpretive perspective that promotes subjectivity in social research, the positivist approach forces the researcher to adhere to the scientific method of the natural sciences, which is advantageous for the researcher's objectivity (Kumar, 2018). This method is ideal for examining the relationship between entrepreneurship and survival in a small service firm, primarily hair salons, in the Mangaung Metropolitan Area because positivism is fascinated with understanding the association between variables. Finding out about objective reality is the positivist's goal. The positivist approach is also appropriate for this study because it aims to produce empirical knowledge on SSB and its survival.

The three types of research approaches that are well known are; qualitative, mixedmethod and quantitative strands. According to Creswell (2014), qualitative research is to assist in the understanding of individuals and groups assigned human challenges, hence it is a method of inquiring information through market research, social sciences and other contexts.

The goal of qualitative researchers is to produce a greater knowledge of human behaviour and its causes. The qualitative approach looks into the "why" and "how," not merely the "what," "where," and "when," of decision-making. In any investigations study methodology, mixed-method research combines both the qualitative and quantitative research approaches (Molina-Azorin, 2012).

Quantitative research, a more scientific approach to social science research, is adopted in this study. When the data collected is numerical and can be statistically analysed to create quantitative information that can guide to some inferences about the population



based on the sample provided, the quantitative method is thought to be relevant and acceptable (Seawright, 2016). Given that the researcher's goal is to characterize and forecast the relationship between factors, namely the effect of necessity entrepreneurship on the survival of small service enterprises in Mangaung, Free State, a quantitative approach is necessary.

3.2.2 Research Design

According to Bryman and Bell (2011), a research design offers a framework for data collection and analysis. A research design is an inquiry within the approach that offers certain approaches to the research techniques employed (Creswell, 2014). Since the aim of qualitative and quantitative research is to produce credible, dependable, and reliable data, guidelines on the choice of data collection methods to utilize in the study are supplied by the research design; consequently, qualitative, and quantitative research cannot be undertaken arbitrarily (Creswell, 2014).

As a result, the research design acts as the study's blueprint, detailing the study's kind, research questions, data collection techniques, hypotheses, dependent and independent variables, design types, and a strategy for data analysis (Pandey and Pandey, 2021). Bryman and Bell (2007) are of the belief that, from an operational perspective, research design is also referred to as a structure for gathering and analysing data. Based on these definitions, it could be reasoned that research design refers to the plan that directs research from the start to the finish of the project (Pandey & Pandey, 2021).

Since a positivist approach is adopted in this study, a quantitative research design is used to guide the study. The emphasis of the quantitative research strategy is on quantification in the data collecting and analysis. Additionally, according to Leedy and Ormrod (2015), the quantitative design enables the researcher to respond to queries regarding the connections between measurably different events in order to understand, predict, and manage them. In contrast, the qualitative approach enables the researcher to respond to queries to respond to queries regarding the nature of the study.



The current study assessed how one factor (necessity entrepreneurship) affected another (firm survival). As a result, a cross-sectional survey, a non-experimental study methodology, was chosen. In a cross-sectional survey, respondents are surveyed and given questionnaires as part of a systematic data collection process that will allow for data analysis (Lee et al., 2011). Additionally, instead of gathering data from two or more times, it aims to do it from a single point in time. (Punch, 2013). In this current study, a self-administered questionnaire was employed to gather information from the owners/managers and employees of hair salons in Mangaung. In light of this, the study being looked into has a quantitative design. Numbers were collected as the data, which were then statistically analysed to provide numerical information related to hair salons as businesses that survive or cave in due to circumstances and other business determinants.

(Nyumba et al., 2018) states that surveys are considered appropriate when the researcher intends to bring about quantitative findings on people's opinions and perceptions about a topic of interest. Therefore, a survey was conducted using questionnaires that were put together and distributed to a sample of managers and owners of hair salons. With a research survey, characteristics, opinions, attitudes, or prior experiences of a population are determined (Salkind, 2009).

3.3 POPULATION AND SAMPLING

3.3.1 Target Population

A group of potential participants to whom the study's findings are extrapolated is also knows as a study population (Salkind, 2009). The Mangaung Metropolitan Area's hair salon businesses made up the study's sample population. Unknown is the precise number of hair salons in this area because most of them are informal and are not recorded in any database known to the researcher. However, Mpiti (2016) estimated hair salons in Mangaung to be 500. This population is where the sample was drawn from.



3.3.2 Sampling Method

3.3.2.1 Sampling

Sampling involves the selection of a portion of a total population, intending to use such participants to make inferences about a larger group of individuals (Rahi, 2017). Leedy and Ormrod (2015) imply that a sample is a subset of the population chosen to study a certain phenomenon and that the researcher can give surveys to the stakeholders in a variety of ways using multi-stage sampling procedures.

3.3.2.2 Sampling Techniques

De Vos et al. (2011) states that they are two significant groups of sampling procedures, which are probability and non-probability sampling. Bryman and Bell (2011) go on to characterize both sampling techniques as follows: Each unit in the population has a known chance of being chosen in probability sampling, whereas in non-probability sampling, a unit's chances of inclusion are unknown. Moreover, in contrast to non-probability sampling, which is more practical and has a higher response rate than probability sampling, the main benefit of probability sampling is that the results may be generalized to the entire population (Bryman & Bell, 2011).

According to Bryman and Bell (2011), probability sampling's main disadvantage is that it is more expensive and difficult to get, but non-probability sampling frequently leads to biases. Latham (2007), on the other hand is of the opinion that simple random sampling, systematic random sampling, random sampling, and cluster sampling are the four different methods of probability sampling. A representative sample is more likely to be obtained using the straightforward random sampling technique (Bryman & Bell, 2011).

By using simple random, each member of the population has an equal probability of being chosen for the sample (Zikmund et al., 2013). As a result, each hair salon had an equal chance of selection in this study. Because of the nature of the study, the researcher reached out to a group of people who worked in hair salons to ensure the inclusion of all stakeholders. The respondents were part of the stakeholder category (Leedy & Ormrod, 2015). The sample, in theory, closely resembled the characteristics of the population from



which it was drawn, which was a key advantage of this sampling technique (Singh & Masuku, 2014). Therefore, for this study, basic random sampling was used.

3.3.3 Sample Size

According to Ranjit (2005), a sample is a section of the population chosen to reflect the entire population. According to Cohen et al. (2007), "the correct sample size depends on the purpose of the study and the nature of the population under scrutiny."

The minimum necessary sample size was determined using an online sample size calculator. You can download the software for free at http://www.macorr.com/sample size-calculator.htm. The confidence level was 95%, while the confidence interval was 6.7%, with a population estimated at 500, giving a calculated sample size of 150.

3.4 DATA COLLECTION

Data collection is a procedure where the researcher gathers and measures information on relevant variables in a known methodical way to answer research questions, test hypotheses, and assess results (Northern Illinois University, 2013). The goal of collecting data is to gather relevant and high-quality information that can be used in rich data analysis to create answers to research questions that are credible and convincing.

The current researcher's objectivity and independence were advanced in this quantitative study through:

A. The creation of a structured questionnaire with standard research questions and closed questions to minimize the possibility of subjectivity and bias on the part of the researcher throughout the instrument design phase.

B. The development of a self-administered questionnaire since the data collection instrument limited the direct interaction between the researcher and respondent to reduce the respondents' influence on the researcher's reflections. In order to lessen the impact of the respondents on the researcher's reflections, a self-administered questionnaire was created because the data collection tool prohibited direct interaction between the researcher and respondents. The positivist approach employs a scientific methodology



since it is the responsibility of the researcher to determine the precise nature of cause and effect interactions (Onwuegbuzie et al, 2012; Bryman & Bell, 2011).

According to Mouton (2011), measuring instruments were used to collect data. Since the owners/managers of hair salons in the Mangaung Metropolitan Area are the ones who are familiar with the administrative side of their business, the questionnaires were sent to them online in order to gather data for this study. To address various parts of the research topic and research questions, questions based on the Likert scale were posed. The researcher gave individuals questionnaires to fill out through a link due to Covid-19 restrictions. A structured questionnaire was employed in this study to gather data on the impact of necessity entrepreneurship on the survival of a small service business. When the research is focused with numbers and answering questions like "how many," "how often," and "how satisfied," structured surveys are thought to be acceptable (Bryman & Bell, 2011). Given that the focus of the current study is the hair salon, the structured questionnaire is most appropriate for this investigation. After collection, questionnaires were checked for errors, followed by capturing in Microsoft Excel for further editing.

3.4.1 Questionnaire Design

According to Leedy and Ormrod (2015), a questionnaire should be brief, constant, and specific while also including clear instructions to entice respondents to finish it. The following guidelines were instrumental in developing the questionnaire for this study.

Punch (2013) indicates that data collection is essentially an accumulation of information to gain answers to the research questions. Hence, a self-administered, closed-ended questionnaire with a 5-point Likert scale was employed in this study that consists of statements about the topic. More closed-ended questionnaires than open-ended questionnaire items are recommended in the research instrument to lessen the chances of non-responses (Leedy & Ormrod, 2013). Respondents rated how much they agreed or disagreed with each statement based on its content.

The researcher employed a variety of techniques to make the questionnaire more approachable for the respondents, including topic structure and flow, question sequencing, and writing style. The researcher structured the questionnaire using the



"funnel" technique, where more comfortable and familiar questions are asked first, and more complicated questions are asked later (Leedy & Ormrod, 2013). The structure of the questionnaire was as follows:

- Section A: The research instrument measured the demographic data and firmspecific information such as gender, age, number of employees, etc.
- Section B: This section focused on necessity entrepreneurship and business creation.
- Section C: This section focused on stakeholders and business creation. It also measured the influence of stakeholders (environment, community, customers and employers) on the creation of small businesses.
- Section D: This section focused on stakeholder factors and business survival
- Section E: This section focused on the survival of the business

3.4.2 Reliability and validity of the study

To obtain valid and trustworthy data, one must ensure that the measurement techniques and tools utilized have appropriate levels of reliability and validity (De Vos et al., 2011). Good measurement is marked by high levels of validity and reliability. (Salkind, 2009). Because a measurement instrument must be valid and trustworthy, efforts should always be made to guarantee that threats to validity are reduced, if not completely eliminated, while creating an instrument.

3.4.2.1 Reliability

According to Du Plooy-Cilliers (2015), reliability has to do with the research's credibility and demands for consistency. The research tool is reliable if the findings can be replicated using a similar methodology (Du Plooy-Cilliers, 2015). Validity is defined by De Vos et al. (2011) as the measurement of the desired outcome by the instrument used.

The degree to which a measurement device yields consistent findings when used at various times determines its reliability (Bryman & Bell, 2011; Cooper & Schindler, 2011; Zikmund et al., 2013; Kumar, 2014). To ensure the reliability of the instrument, the



researcher tested the instrument by piloting it on about 20 respondents. The main goal of the pilot test was to evaluate the questionnaire's readability, time required to complete it, clarity of the questions, and arrangement to eliminate ambiguities. The supervisor and co-supervisor evaluated the data collection instrument before being administered to the participants. Rohilla (2010) described that information collection should not be biased as distortion in the data collection. The statistician also conducted a reliability test. The Likert scale was included in the overall reliability results for the full questionnaire.

3.4.2.2 Validity

Cooper and Schindler (2011) and Leedy and Ormrod (2013) define validity as the extent to which a research tool fulfils the goal for which it was designed. According to Collin and Hussey (2009), the term "validity" describes how successfully a group of connected items measures the construct(s) that they are intended to assess. Theory and the measuring tool are both closely examined when assessing construct validity. To assess construct validity, Pietersen, and Maree (2016) advise using statistical analysis approaches like item and factor analysis.

Two main forms of validity, internal and external validity, are discerned from literature (Cooper & Schindler, 2011; Leedy & Ormrod, 2013). The ability to generalize research findings to different people, contexts, and timeframes is what external validity is most concerned with (Collin & Hussey, 2009). The degree to which the research's design and data results enable the researcher to make appropriate deductions about cause, effect, and other relationships within the data is referred to as internal validity (Cooper & Schindler, 2011; Leedy & Ormrod, 2013). The current study ensured the common forms of validity, content validity, and construct validity.

The researcher created a data collection tool for this study based on the pertinent literature for each of the ideas that served as its cornerstone. This makes it possible to make sure that each questionnaire item accurately captures the many qualities of the concepts. The likelihood of ambiguity in the questions was decreased by concise and pertinent inquiries. By sending the research instrument to the statistician and the supervisor for assessment to ensure that all questions were clear and those deemed to be obscure, the researcher ensured content validity. The questionnaire's items were



reviewed for completeness and inclusivity, and any unnecessary questions were removed. The final questionnaire included the supervisor's and statistician's suggestions.

3.5 DATA ANALYSIS

De Vos et al. (2011) note that the goal of data analysis is to turn data into a form that can be interpreted and understood so that conclusions may be reached. Under the supervision of an experienced statistician, data from the questionnaires were statistically analyzed using the program SPSS version 21. Descriptive statistics and inferential statistics are generated during data analysis and are utilized for various purposes. The process of using statistical or logical methods to interpret and make sense of research is known as data analysis.

According to Shamoo and Resnik (2003), the processes a researcher uses to infer conclusions from the data and separate the phenomenon of interest from statistical fluctuations in the current data are referred to as data analysis. This study, which used a quantitative technique, was suitable for a descriptive and inferential statistical analysis. The mean, mode, and standard deviation of the variables were determined using descriptive statistics, and the connections between ideas were tested using inferential statistics. Using SPSS, the analysis was conducted. Data analysis is the process of deconstructing the gathered information so that research questions can be satisfactorily addressed. (Creswell, 2014).

3.5.1 Descriptive statistics

In order to describe the characteristics of the study participants and variables, descriptive statistics are utilized. (Neuman, 2011); it was presented using tables. Descriptive statistics, as their name implies, concentrate on the traits of the statistics being studied (De Vos et al., 2011). Central tendency, the degree to which several variables are related to one another and variability are some of the elements that form part of descriptive statistics (Neuman, 2011).

Means, percentages, variances, and correlation coefficients were the descriptive statistics generated in this study and are shown in tables. In the following chapter, descriptive statistics are described in more detail.



3.5.2 Inferential statistics

According to (Neuman, 2011), judgments are drawn using inferential statistics based on the sample data gathered. The researcher was able to compute means and standard deviations using inferential statistics, as well as create frequency distributions. Concluding statements concerning sample data were made using inferential statistics. This technique was used to estimate population characteristics from the sample and determine whether relationships within a sample may be anticipated to help forecast relationships in the population the sample is drawn from (De Vos et al., 2011).

Inferential statistical techniques are categorised into parametric and non-parametric statistics (Awang et al., 2015). Whether a researcher could employ a parametric method or a non-parametric statistic depended on the data that were gathered. The rule states that non-parametric statistics must be used to analyse categorical (nominal and ordinal) data. In contrast, scale data (interval and ratio) require the use of a parametric statistical method for analysis (De Vos et al., 2011). As previously mentioned, data was gathered using the Likert scale, which at best resulted in ordinal. As a result, the Fisher's exact test, a non-parametric statistic, was utilized to examine the association between the variables. To ascertain the statistical significance of various variables, a t-test and Kruskal Wallis were also employed. The Likert scale was used to gauge how strongly the relationships between the variables were related.

3.6 ETHICAL CONSIDERATION

Research ethics is described by De Vos et al. (2011) as a set of moral principles that are widely accepted and that provide guidelines and behavioural expectations for how to treat experimental subjects.

Participants may suffer physical harm and reputational damage as a result of unethical research (Creswell, 2014) and harmfully impact the society if the results are unreliable (Bryman & Bell, 2011). Due to the fact that they guarantee the dependability of study findings, ethical considerations are crucial (Bryman & Bell, 2011). Therefore, upholding research ethics was the responsibility of the researchers. Before beginning the study, the researcher first received ethical approval from the Faculty Research and Innovation



Committee (FRIC) in the Faculty of Management Sciences. The researcher then asked the owners and managers of SMMEs for their permission. Below are the ethical issues that were considered when undertaking the research.

3.6.1 Voluntary participation

According to Leedy and Ormrod (2015), all involvement in a study must be entirely voluntary. As a result, respondents who owned or managed hair salons in this survey were offered the option of participating or not, as shown below.

3.6.2 Informed consent

The respondents were informed of the purpose of the research. Its expected benefits and their right to withdraw from the research without threats or risks were all explained. The researcher authenticated the research by providing an introduction letter to the owners/managers of hair salons. This introductory letter also clarified the purpose of the study.

According to Blanche et al. (2006), researchers need to give prospective participants clear, comprehensive information about the study. To do this, the researcher included a covering letter outlining the study's objectives with each questionnaire.

3.6.3 Confidentiality

According to Leedy and Ormrod (2005), the study report should not be presented in a way that befuddles, manipulates, or modifies the participants' responses. The researcher guaranteed respondents' privacy for this survey. Salkind (2009), states that confidentiality is upheld when information obtained about the participant is held in the utmost confidence. Salkind (2009), states that confidentiality is upheld when information obtained about the participant. Salkind (2009) also states that confidentiality is guaranteed when participant information is kept in the strictest confidence.

Participants were informed that the research results would be provided in aggregate form to safeguard their individual identities and that the data obtained from them would not be disclosed to anyone. Hence, no one outside of the research team had access to the



obtained data. No one, not even the researcher, should be able to identify any subjects later, according to De Vos et al. (2011). They should not be aware of the participant's answers to the questions (De Vos et al., 2011).

3.6.4 Privacy

All the participants are entitle to privacy of their personal information and can decide to divulge their personal information when they fill comfortable. Since some of the salon, employees did not prefer publicising their business practices to other competitors, as well Covid-19, which was a restriction to` hand-deliver questionnaires personally, therefore an online survey was created to enable hair salon owners to answer the questions. The researcher avoided coercing participants into disclosing any private information they did not want to. The researcher had to respect the respondents' right to privacy (Blumberg et al., 2014).

3.7 SUMMARY

This chapter described the research strategy used for this investigation. Methods of measurement were employed. The chapter went into more depth regarding the instrument utilized and how data was obtained. Additionally, it described how the data was analysed. Moreover, ethical matters were covered. The findings and an explanation of those findings are presented in the following chapter.



CHAPTER 4: RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

This study used a case study of hair salons in the Mangaung Metropolitan Area, Free State, to examine the effects of necessity entrepreneurship on the survival of small service enterprises. The research methodology used to complete this work was described in the preceding chapter. This chapter serves two purposes: the first half shows the outcome of the data analysis, and the second part concentrates on discussion and interpretations of the study's results.

4.2 RESPONSE RATE

The preceding chapter calculated the study's sample size to be 150, and as a result, 150 questionnaires were given out online because of Covid-19 restrictions. Just 144 of the 150 surveys that were distributed were correctly completed and returned, yielding a 96% response rate. A response rate of 96% is more than sufficient for data analysis, according to Bryman and Bell (2011), who state that a response rate of less than 50% is unacceptable.

4.3 DEMOGRAPHICS

An overview of the sample's demographics is provided in this section. The information gathered on the demographics was regarding their ability to function in the business; demographics such as gender, age, nationality, languages, ownership structure, role in the business, years of experience in the job, highest level of education, number of employees in the business, how the business started, number of years the business has been in existence, along with the estimated average gross profit (%) over the past five years, were identified.

Personal factors and business characteristics make up the two main categories in which the demographic data summary is given.



4.3.1 PERSONAL CHARACTERISTICS

Below are personal characteristics such as gender, age and nationality discussed in the study to describe the business.

VARIABLES	VALUES	FREQUENCY	PERCENTAGE
Gender	Male	112	77.80%
	Female	32	22.20%
	TOTAL	144	100.00%
	21-25	3	2.10%
	26-30	49	34%
Respondents Age	31-40	71	49.30%
	41-50	21	14.60%
	TOTAL	144	100.00%
Nationality	SA Citizens	92	63.90%
	Permanent resident holder	13	9.00%
	Non SA citizen	39	27.10%
	TOTAL	144	100.00%
Language	Afrikaans	1	0.70%
	English	101	70.10%
	Setswana	11	7.6%
	Sotho	16	11.10%



	Xhosa	5	3.50%
	Zulu	10	6.90%
	TOTAL	144	100.00%
Role in the business	Manager	8	5.60%
	Owner	81	56.30%
	Partner	42	29.20%
	Others	13	9.00%
	TOTAL	144	100.00%
Years of Experience	Less than 1 Year	5	3.50%
	1-2 Years	56	38.90%
	3-4 Years	59	41%
	5-6 Years	8	5.60%
	7-8 Years	9	6.30%
	9 and above	7	4.90%
	TOTAL	144	100.20%
Qualifications	Primary	1	0.70%
	Matric	19	13.20%
	Diploma	39	27.10%
	Tertiary	83	57.60%
	Postgraduate	2	1.40%
	TOTAL	144	100.00%



The pie chart below depicts the participants by gender.

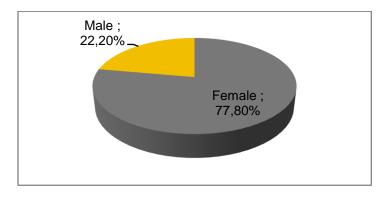


Figure 4.1 Gender Responses

The majority of the respondents to the study were female, as seen in Figure 4.1. There were (77.8%) females and (22.2%) males in the study. This indicates that females mostly dominate the small service businesses involving hair salons in the study area. This contradicts Dzansi and Amoakoh (2014), who states that males are beginning to match females within the hair salon business, while Sweida & Woods, (2015) on the other hand indicates that even though males are also stakeholders in the hair salon business females still remain the dominant gender in the business because they have more skills and talent.

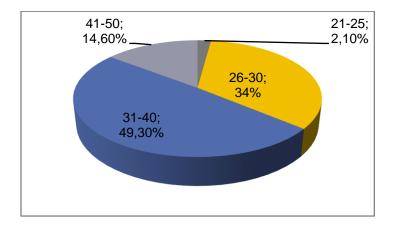


Figure 4.2. Respondent's age group

From the available data in Figure 4.2, almost half (49.3%) of the respondents were in the age category of 31- 40, while 34% were in the 26-30 age category, 14.6% in the 41-50 age category and 2.1% of the respondents in the study were aged between 21-25 years. It is clear that the most of the participants in the study are in the 31-40 age group, followed



by the 26-30 age category. All the respondents in the study were between 21 to 50 years. According to Akwalu (2014), the majority of young adults from the age of 21-35 participate and start business to ensure their survival.

There were no respondents below 21 years and above 50 years from the data. It is clear from the findings in Figure 4.2 that young people are the majority in the hair salon business, which concurs with Mosweunyane (2013), who states that young people between the ages of 18-35 dominate the salon business.

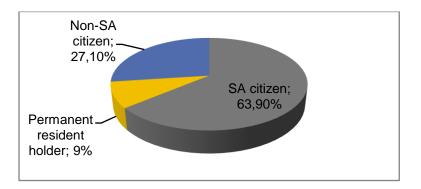


Figure 4.3. Nationality of Respondent's

According to Figure 4.3, most respondents (63.9%) were South African citizens, while 27.1% were, non-South African citizens and 9.0% had permanent resident status. It is surprising that more than 60% of the respondents were South African citizens as this contradicts Garg and Phayane (2014) whose findings indicate that there were more foreign owners of hair salons than South Africans.

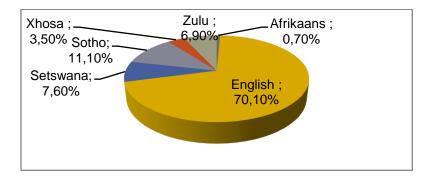


Figure 4.4 Languages of Respondents



Figure 4.4 indicates that 70.1% spoke English, while 11.1% spoke Sotho, 7.6% spoke Setswana, while 6.9% spoke Zulu, 3.5% spoke Xhosa and 0.7% respondents had Afrikaans as their language. This means that most respondents speak English to accommodate customers who come to the hair salon, which correlates with Kotler et al (2019) who concludes that entrepreneurs learn their customer's language of preference to ensure that they can accommodate them. In this case study, the majority of customers speak English to make communication easier and understandable, irrespective of their native language.

4.3.2 BUSINESS CHARACTERISTICS

The table below provides indications of many business features, including ownership types, employee counts, the mode of business initiation, the number of years the firm has been operating, and the amount of profit the business generates as measured by its gross profit percentage (%).

VARIABLE	VALUES	FREQUENCY	PERCENTAGE
	Company	18	12.50%
Forms of ownership	Partnership	39	27.10%
	Sole Trader	87	60.40%
	TOTAL	144	100.00%
	None	41	28.50%
Number of Employees	One	63	43.80%
	2 to 4	28	19.40%
	5 to 10	12	8.30%
	TOTAL	144	100.00%
	Start a new	75	52.10%

Table 4.2: Business characteristics



How did the business	Took over an	69	47.90%
start	existing business		
	TOTAL	144	100.00%
	Less than 1 year	1	0.70%
	1 Year	44	30.60%
Number of years in	2-4 Years	80	55.60%
existence	5 – 10 Years	16	11.10%
	Above 10 Years	3	2.10%
	TOTAL	144	100.00%
	Loss making	1	0.70%
	Break even	20	13.90%
Gross Profit	2%	65	45.10%
percentage	3-5%	44	30.60%
	Over 5%	14	9.70%
	TOTAL	144	100.00%



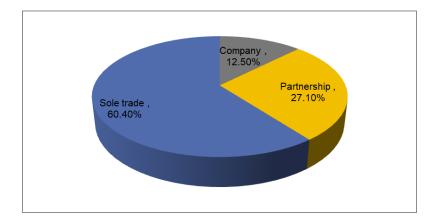


Figure 4.5. Forms of Ownership of Respondents

Figure 4.5. Indicates that most of the participants (60.4%) in the study were operating as sole traders or proprietorships as their business type while 27.1% operated as partners and 12.5% of the respondents were operating as a company. This suggests sole traders are the majority in this study and this could be attributed to the fact that hair salons are mostly necessity-driven; therefore, owners prefer to be in control. This is in line with Ramafikeng (2016), who indicates that sole traders dominate the hair salon business. Furthermore, Klapper et al, (2011) also acknowledge that being a sole trader enables an entrepreneur to make more and faster decisions so that the business could operate well.

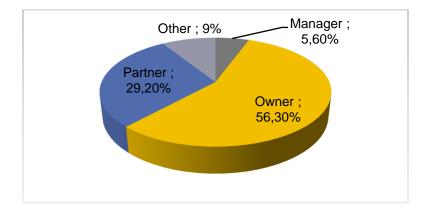


Figure 4.6. Respondent's role in the business

As illustrated in Figure 4.6 above, half of the participants (56.3%) are owners, followed by 29.2% respondents who are partners and 5.6% who were only managers. This is supported by Mosweunyane's (2013) study of a hair salon, which found that the majority (56.9%) of respondents were owners, meaning that most of the salons are owned by



individuals and not people in partnership. Figure 4.6 resonates with Blank and Dorf (2020) who indicates that owners have more power in the business and would rather maintain that, than be in partnership or become a manager.

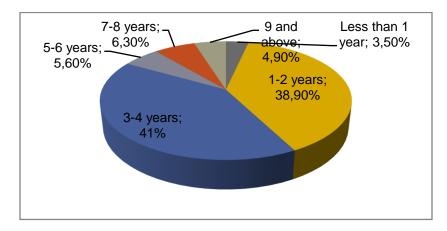


Figure 4.7. Respondent's years of experience in this job

Years of experience for responders in this entrepreneurial position are shown in Figure 4.7. 38.9% of respondents have experience of less than one year, compared to 41% who have experience of between three and four years. There were 5.6% of respondents who have between 5 to 6 years of experience, while 7-8 years and 9 and above had 2% and 3.5% respondents have less than one year of experience. This indicates that most participants in this study have worked in this industry for between 3 to 4 years showing that they have some experience. Hernández-Carrión et al., (2017) are also of the view that experience plays a key role in establishing and running a business to attract more customers, hence entrepreneurs strive to accumulate more experience.

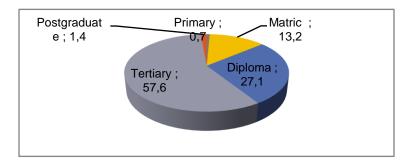


Figure 4.8. Respondents' highest educational qualifications



The study clearly shows that higher education was the most common education level among participants, with primary education being the least common. Figure 4.8 indicates that 86.1% had tertiary education, while 13.2% had matric education, and only 0.7% had primary education. These results concur with Mosweunyane (2013) and Amoakoh (2012), stating that hair salon operators are quite educated, as well as Middleton and Donnellon (2014) who are of the view that education enables entrepreneurs to think outside of the box and be more creative to manage their finances better.

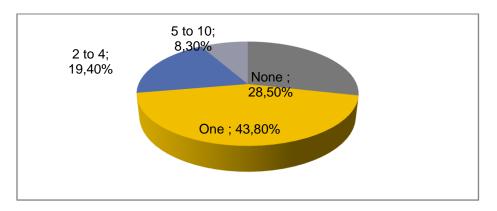




Figure 4.9 illustrates that the largest proportion of the hair salons (43.8%) had only one employee, and 28.5% had no employees in their business; only owners were running and operating the salon. About 19.4% had between 2 to 4 employees, while 8.3% of hair salons had the greatest number of employees (5-10). The entire hair salon businesses that participated in the study did not have more than 10 employees in their business. This demonstrates that a hair salon does indeed belong under the category of Small, Micro, and Medium-sized Businesses (SMMEs). The results also show that hair salons are a necessity-driven industry. Adisa et al (2014) finds that SMMEs must start small in order to be manageable and develop their abilities are consistent with this.



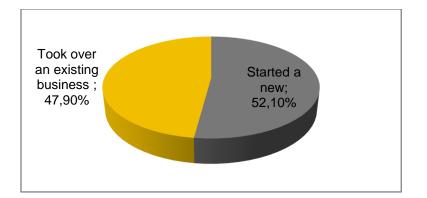


Figure 4.10. How the business started

From the data available in Figure 4.10, the study indicated that 52.1% of salons participated and started their business anew while 47.9% of the respondents took over an existing business. There is almost a balance between hair salons that started a new and those that took over an existing business. Gorgievski et al (2011) are of the opinion that it does not matter how the business started, as long as the owner is able to maintain and grow the business.

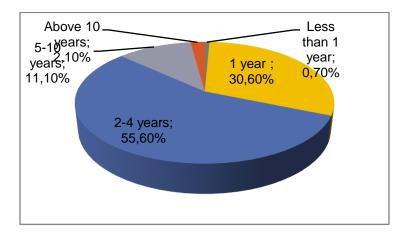


Figure 4.11. Years of the business in existence

Figure 4.11 illustrates that most of the businesses (55.6%) in the study have been in existence between 2 to 4 years. This is followed by those who have been in business for just a year (30.6%) and 2.1% had business which was more than 10 years, as well as 0.7% of the respondents who indicated the business was less than 1 year. The results resonate with Mosweunyane (2013) who established that salons are relatively new in operation; it might also mean this type of business is not sustainable, which is also in line



with Linnan et al (2014) who indicates that hair salons are not very sustainable unless they are well maintained.

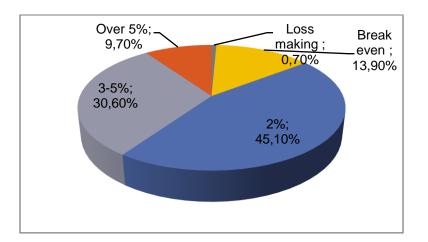


Figure 4.12. The estimates average gross Profit over the past 5 years

The data in Figure 4.12 from the study indicates that there were 45.1% of the respondents made 2% profit, 30.6% made between 3 to 5% profit while 13.9% broke even over the last 5 years and 9.7% made over 5% profit in the past 5 years. Only less than one percent (0.7%) of the respondents made a loss. Figures such as these paint a bleak picture of the hair salon business as far as profitability is concerned. This bleak reality is supported by Amoakoh, (2012), who indicates that there is no consistency in the average gross profit. Ndesaulwa and Kikula (2016) also states that due to the nature of SMMEs, an increase in profit depends on the level of growth of the business.

4.4 FINDINGS AND INTERPRETATIONS RELATED TO RESEARCH QUESTIONS

As previously discussed, the empirical study concentrated on how necessity entrepreneurship affected the survival of small service enterprises. The study specifically looked into:

1. The extent to which hair salon owners use necessity entrepreneurship to start their businesses

2. The specific factors of necessity entrepreneurship that are critical in the establishment of hair salons



3. The stakeholder factors that hair salon owners consider as important for the creation of their businesses

4. Which stakeholder's strategies are perceived by hair salon owners as important for the survival of their businesses?

5. Which business survival strategies are mostly used by the hair salon owners?

6. What is the relationship between necessity entrepreneurship and firm survival?

7. Are there gender, age and nationality differences regarding necessity entrepreneurship and firm survival ratings?

Table 4.3 depicts the mean, standard deviation and reliability of the research questions.

Constructs	Number of items	Mean	SD	Cronbach
				Alpha
Necessity entrepreneurship	4	3.35	0.437	0.58
Necessity entrepreneurship	13	3.25	0.439	0.85
and business creation				
Stakeholder factors and	9	3.08	0.471	0.79
business creation				
Stakeholder strategies and	14	3.22	0.350	0.77
business survival				
Business survival	7	3.15	0.445	0.71

Table 4.3: Mean, Standard deviation (SD) and Reliability (Cronbach Alpha)

Cronbach's Alpha was used to assess the factors' internal reliability, and the findings are shown in Table 4.3. The study's constructs' Cronbach's Alpha scores, which ranged from



0.58 to 0.85, topped 0.700, indicating the instruments' high reliability (Tavakol & Dennick, 2011).

The mean and standard deviation of the constructs are presented in Table 4.3. The mean scores for all the constructs ranged from 3.08 to 3.35, and the standard deviations ranged from 0.350 to 0.471. This means that the average of the values, which are the research question is in the middle, not too low or too high enabling growth for a business that starts out of necessity while the standard deviations measuring the absolute variability of the distribution of the questions and in this case the deviation for necessity entrepreneurship (0.437) is average, which is good for a start-up business and strive for growth.

4.4.1 FACTOR ANALYSIS

To determine if the scale items reflect distinct latent factors and exhibit strong correlation, exploratory factor analysis (EFA) was conducted. The ideal variance in the scale items was extracted using the principal component analysis extraction method. Also, the dataset was rotated using the varimax rotation method with Kaiser Normalization. The general structure of the data was evaluated using the Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity.

A high score of 0.708 was obtained for the KMO measure of sampling adequacy (MSA), which is higher than the necessary minimum value of 0.6. Also, the Bartlett's test of sphericity was highly statistically significant (p-value<0.000), which suggests that component analysis is appropriate because it shows consistency with cut-off values.

Furthermore, components with eigenvalues higher than one were kept in the analysis to show their influence on necessity entrepreneurship, whereas factors with eigenvalues lower than one were eliminated. The number of eigenvalues greater than one in the study, which explained 41.3% of the variability in the variables, suggested a decrease to five factors.

According to Table 4.4 below, component 1 accounted for (11.068%), component 2 (10.117%), component 3 (7.861%), component 4 (6.720%), and component 5 (5.524%) of the total variation explained by each factor recovered. All items with factor loadings larger than 0.5 were kept, and they are all reported in Table 4.5. Several analytical



techniques, including Exploratory Factor Analysis (EFA), Principal Component Analysis, and Kaiser-Meyer-Olkin, were employed (KMO). These analyses were used to assess the overall structure in the information gathered from the questionnaires and in addition to show, whether the research questions correlate, as indicated in the passage above. As shown in the table below the variances are indicated. This shows that the question in the questionnaire does correlate and make sense to the respondents, enabling them to answer each question effectively. The different methods used in the study were to ensure accuracy and consistency of the results.

				Extraction sums of			Rotatio	Rotation sums of		
	Initial e	eigenvalu	es	squared loadings			squared loadings			
L Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	9.198	19.571	19.571	9.198	19.571	19.571	5.202	11.068	11.068	
2	3.780	8.043	27.614	3.780	8.043	27.614	4.755	10.117	21.185	
3	2.507	5.334	32.948	2.507	5.334	32.948	3.695	7.861	29.046	
4	2.235	4.755	37.703	2.235	4.755	37.703	3.158	6.720	35.766	
5	1.686	3.586	41.289	1.686	3.586	41.289	2.596	5.524	41.289	
6	1.678	3.570	44.289							

Table 4.4: Total variances explained



Table 4.5: Exploratory factor analysis

Family financial pressure can compel one to start a business	0.554		Necessity	entrepreneurship and	business creation	Business	stakeholders and	business creation	Business	stakeholders and	business survival	Business survival
Having no other alternatives of income can compel one to start a business	0.645	5										
I tried other business and it did not work		_	0.6	66								
I had to find a way to support my family			0.54	45								
I was not earning enough with my previous employment			0.58	32								
It was the only thing I could do to generate an income			0.59	97								
I wanted better living conditions			0.6	74								
I did not have skills for any other business			0.60)4								
It was necessary for survival			0.59	92								
I was unemployed			0.6	59								
Running a hair salon is cost effective			0.52	20								
I realised it would cater for a diverse clientele			0.63	38								



Unmet customers' demands such as	0.532		
proximity to hair salon			
The low cost of acquiring resources	0.676		
The retrenchment I experienced	0.611		
The shortage of hair salons in the area	0.565		
Borrowing finance from financial institutions		0.678	
Maintaining customer relations with an up to date customer data base		0.603	
Using promotional strategies to maintain customers loyalty		0.581	
Buying products in bulk to take advantage of reduced prices and discounts		0.641	
Maintaining good relations with suppliers		0.503	
Building a trust relationship with the community		0.633	
Customer satisfaction			0.515
Employees training			0.592
Building competitiveness in the business as growth gets harder.			0.573
Acquiring support from customers and its community.			0.597



Managing income and expenses in the			0.600
business			
Improving the business by bringing in			0.583
new products.			
Ensuring a growing customer base.			0.561

The statistical analysis findings and an explanation of the study's research questions are presented in the following section. The findings were analysed using cross-tabulations, percentages, and pie charts. To ascertain whether various variables were statistically significant, T-tests and Kruskal Wallis were utilized. Using the Likert scale, the strength of the relationships between the variables was assessed.

4.4.2. Necessity entrepreneurship

The section evaluates the extent to which hair salon owners use necessity entrepreneurship in line with the first question: To what extent do hair salon owners use necessity entrepreneurship to start their businesses?

	Strongly	Disagree	Agree	Strongly	Mean	Rank
	disagree			agree		
Unemployment can compel a person to start a business	2.8	0.7	24.3	72.2	3.66	1
Family financial pressure can compel one to start a business	2.1	7.6	30.6	59.7	3.48	2

Table 4.6: Necessity entrepreneurship



Having no other	5.6	2.8	62.5	29.2	3.15	3
alternatives of income can						
compel one to start a						
business						
Dissatisfaction with current	1.4	3.5	77.1	18.1	3.12	4
employment may force one						
to start a business						

The components of need entrepreneurship were found using four variables. The four factors evaluating the necessity of entrepreneurship were presented to the respondents, who were asked to indicate their level of agreement or disagreement. A four-point Likert scale was used to quantify the variables, with 1 denoting "strongly disagree," 2 "disagree," 3 "agree," and 4 denoting "strongly agree." The results were reported as percentages (%) to show how respondents answered. Along with the ranking, the mean for each variable was also supplied.

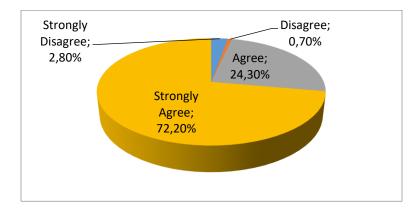


Figure 4.13. Unemployment can compel a person to start a business

Figure 4.13 displays the perception of respondents on the necessity entrepreneurship. As the figure shows, the overwhelming majority, 96.5% (72.20%+24.30%), agree that unemployment can compel a person to start a business, and only 3.5% (2.8%+.7%) disagrees. Beeka and Rimmington (2011) are of the belief that individuals who are



unemployed do not know what to do to support themselves, and therefore decide to venture into starting a hair salon. These results concur with Ramafikeng (2016), who indicates that most hair salon businesses are necessity driven.

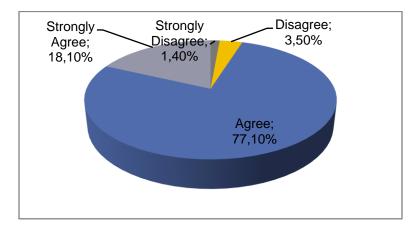


Figure 4. 14. Dissatisfaction with current employment may force one to start a business

In Figure 4.14, 95.2% of the respondents agree that dissatisfaction with current employment may force one to start a business, while 4.9% disagree. This concurs with Barba-Sánchez, and Atienza-Sahuquillo, (2012) who are also of the belief that most entrepreneurs tend to venture into their own business where they want to be their own boss and make their own decisions because they are not happy with their current employment. The study aligns with Kolvereid (2016), who believes that most entrepreneurs start their own business because of dissatisfaction with their current employment. This also proves the necessity of these types of businesses.



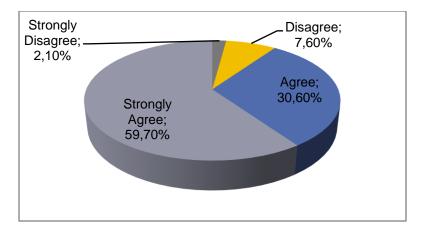


Figure 4.15. Family financial pressure can compel one to start a business

Figure 4.15 illustrates that out of the total respondents, 90.3% of those agree that family financial pressure compels one start a business, and only 9.7% disagree. This demonstrates that the majority of entrepreneurs started their business due to family financial pressure, which is in line with Gopinath (2020) who is of the opinion that not being able to support their family can cause entrepreneurs to start their own business.

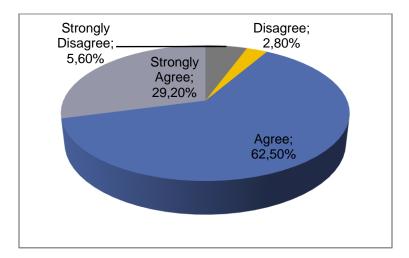


Figure 4.16. Having no other alternatives of income can compel one to start a business

Figure 4.16 indicates that 91.7% of the respondents agree that having no other income alternatives can compel one to start a business, while (8.4%) disagree. Entrepreneurs need to have other ways to generate an income to ensure survival (Aremu & Adeyemi,



2011). These results are in line with Bradley et al., (2012) who also indicates that other alternative incomes are needed to start a business.

To sum up, all the necessity entrepreneurship variables were ranked using the mean therefore the mean values of the variables that were above 3.0, indicating the respondents agreed that necessity entrepreneurship had a role in why they established their businesses. According to Soto-Simeone and Kautonen (2021), unemployed people who do not know how to support their families seek to do something to better their lives and earn a living, therefore starting their businesses out of necessity. This rationale also concurs with Donthu and Gustafsson (2020) who confirmed that entrepreneurs strive to better their lives and ensure that their families are well taken off and that they do not struggle, through starting their businesses.

The findings above indicates that necessity entrepreneurship plays a role in establishing small business, which is in line with our literature that, out of need to support themselves and their families' entrepreneurs strive to start businesses, which leads to self-employment and thereafter creates jobs Solesvik (2017). Furthermore, entrepreneurs work towards venturing into small businesses regardless of the risks involved, to ensure that they make profits, Figueroa-Domecq et al (2022). Moreover, business involves different stakeholders to increase profits (Gjergji et al., 2021).

4.4.3. Necessity entrepreneurship and business creation

This section evaluates the specific necessity entrepreneurship factors that were a motivation for hair salon honours to start their businesses, which is line with second question: - Which specific factors of necessity entrepreneurship are critical in the establishment of hair salons?



Table 4.7: Necessity entrepreneurship and business creation

	Strongly disagree	Disagree	Agree	Strongly agree	Mean	Rank
I tried other business and it did not work	2.8	9.0	32.6	55.6	3.41	1
I wanted better living conditions	1.4	5.6	52.1	41.0	3.33	2
I realised it would cater for a diverse clientele	1.4	5.6	52.8	40.3	3.32	3
It can easily be managed	2.1	6.3	51.4	40.3	3.30	4
There are a few if any regulations to start it	2.1	6.9	50.7	40.3	3.29	5
I had to find a way to support my family	2.1	3.5	61.8	32.6	3.25	6
It is a service on high demand	3.5	5.6	54.2	36.8	3.24	7
I was not earning enough with my previous employment	2.1	10.4	49.3	38.2	3.24	8
It was necessary for survival	4.9	6.3	49.3	39.6	3.24	9
It was the only thing I could do to generate an income	4.9	6.9	50.7	37.5	3.21	10
Running a hair salon is cost effective	2.8	13.9	48.6	34.7	3.15	11



I was unemployed	5.6	11.8	44.4	38.2	3.15	12
I did not have skills for any	5.6	9.0	51.4	34.0	3.14	13
other business						

To identify factors contributing to necessity entrepreneurship and business creation, thirteen variables were identified. The variables were measured using the scale of 1(strongly disagree), 2 (disagree), 3(agree) and 4(strongly agree) and the numbers were presented in percentages (%). The mean and the ranking were also provided. Below are pie charts and discussions illustrating the thirteen variables.

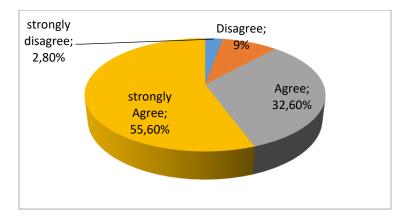


Figure 4.17. I tried other business and it did not work.

Figure 4.17 displays the perception of respondents on necessity entrepreneurship and business creation. From the available data, 88.2% agreed that they tried other businesses and it did not work, while 11.8% disagreed. The majority of entrepreneurs first try business that they think might work for them, and once they realise that it was not successful, then they look for alternatives such as hair salons (Langevang & Gough, 2012).



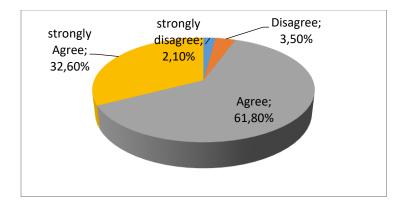


Figure 4.18. I had to find a way to support my family

According to Figure 4.18, there were 94.4% of the respondents who agree that they had to find a way to support their family and 5.6 % who disagree. The finding indicates that most responded started their business to support their family. The results resonate with Mwobobia (2012) who indicates that entrepreneurs normally start their business to support their families to live better lives.

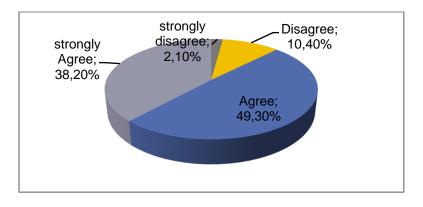


Figure 4.19. I was not earning enough with my previous employment.

Figure 4.19 indicates that a total of (87.5%) of respondents agree that they were not earning enough in their previous employment prior to starting their business while 12.5% disagree. Longenecker, et al (2013) agree with the research that most respondents were not earning enough with their previous employment hence they decided to start their own business. According to Gini (2013) employees who are not earning enough to sustain themselves and their family rather start their own business knowing that they can get all the profits and make all the decisions.



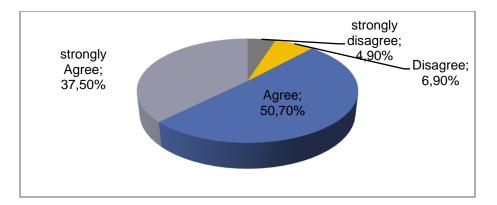


Figure 4.20. It was the only thing I could do to generate an income

According to Figure 4.20, there were 88.2% who agree that the salon business was the only job they could do in order to generate an income and 11.8% who disagree. The findings are in line with Amoakoh (2012), that the majority of respondents perceive the hair salon option was the only way to generate an income. This contradicts with Scranton (2014) who is of the belief that hair salons are not the only business that entrepreneurs could venture into to generate an income.

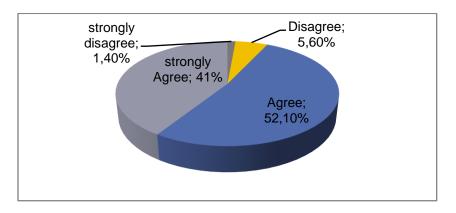


Figure 4.21. I wanted better living conditions

Better living conditions emerged as a reason for starting a new business. According to the data in this study, 93.1% of respondents agree that they started the business due to a desire for better living conditions, and 7.0% disagree. Figure 4.21 shows, in the same way as Luda (2012) who indicates that improving the living conditions of the entrepreneur causes individuals to start their businesses as they strive for survival. These results are in line with Ramafikeng (2016), who also illustrates that respondents seek better living conditions when they engage in entrepreneurship.



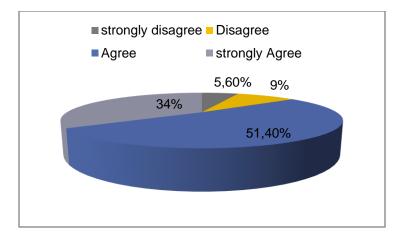


Figure 4.22. I did not have skills for any other business

Skills are usually required when applying for jobs. From the data available in Figure 4.22, (85.4%) agree that they did not have skills for any other business while (14.6%) disagree. The results indicate that most respondents do not have the necessary skills for other business hence they opt for starting their own business in line with the skills they already have. Some entrepreneurs do not have other skills in other business so they look for the most common and easy business they can enter into such as hair salons, so that they generate some income to sustain themselves and their families (Neck & Greene, 2011).

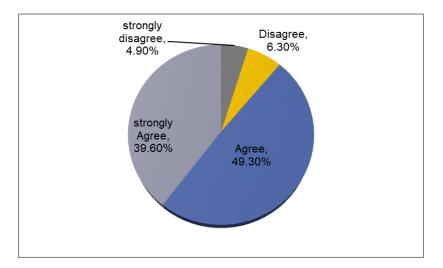


Figure 4.23. It was necessary for survival

A total of 88.9% agree that salon business was necessary for their survival and 11.2% of the respondents disagree, which is illustrated in Figure 4.23 above. The outcome indicate that a large number of respondents believe that hair salons business is necessary for



their survival as well as to generate incomes. According to Riley (2021), hair salons are one business that entrepreneurs believe that they can easily start because they need to do something for their survival.

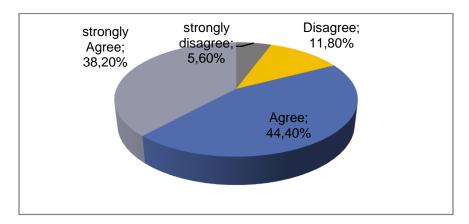


Figure 4.24. I was unemployed

From the data in Figure 4.24, there is a cumulative 82.6% who agree that they started the salon business because of unemployment, while 17.4% disagree. Figure 4.24 resonates with Amoakoh (2012) who shows that most respondents started their business due to unemployment, as well as Wood et al., (2013) who indicates that unemployment pushes individuals to seek out something to do to regardless of how small it might be.

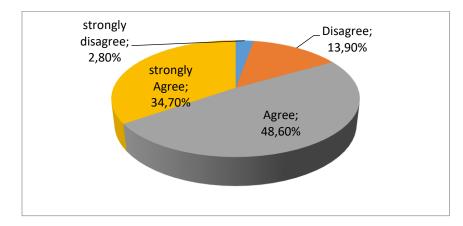


Figure 4.25. Running a hair salon is cost-effective

Figure 4.25 indicates that about 83.3% agree that running a hair salon is cost-effective while 16.7% disagree. More than 83.3% of the respondents indicated that it was cost-effective to do hair salon business. Running hair salons saves money, as one does not



have to spend a lot on resources or products as highlighted in a study by Buczynski (2013).

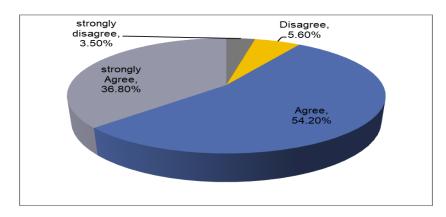


Figure 4.26. It was a service on high demand

In Figure 4.26, there were 91.0% who agree and 9.1 % who disagree that hair salon was a service on high demand. This finding corroborates Algharabali (2014) who also established that most people venture into the hair salon industry since clients are always looking for somewhere to go and get their hair done. The findings are in line with Sunefo and Harjanti (2020), who stipulates that great number respondents are convinced that hair salons service is on high demand.

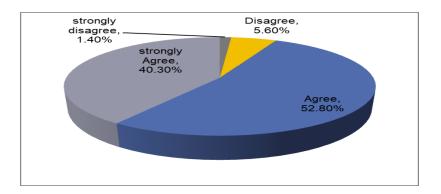


Figure 4.27. I realised it would cater for a diverse clientele

From the data depicted in Figure 4.27, a cumulative 93.1% agree that hair salons would cater for a diverse clientele; however, 7.0% of the respondents disagree. From the figure above, it is clear that many of the respondents share the conviction that hair salons cater for a diverse market that is in line with Yeadon-Lee (2012). In their study, they conclude that most hair salons owners work towards improving their skills in different styles to



accommodate a wider range of customers. Moreover, Washington (2015) believes that hair salons cater for different clients' needs.

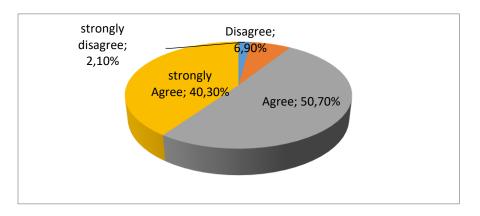


Figure 4.28. There are a few if any regulations to start it

Most often, starting a business means meeting requirements and regulations governing the specific sector. According to Figure 4.28, there were 91.0% who agree that setting up a hair salon demanded less or no regulations while 9.0% disagree. This finding corroborates what Sandlin (2014) found, that in the hair salon service are a few if any regulations related to setting such a venture. Entrepreneurs prefer to start SMMEs such as hair salons because they do not have regulations and laws to abide by before they start (Sari, 2016).

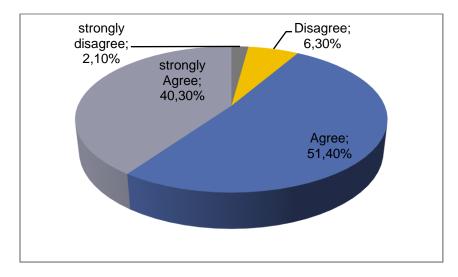


Figure 4.29. Hair salons can easily be managed



Managing a business is very critical to the survival of the business. From the data available in Figure 4.29, a cumulative total of 91.7%) agree that it is easy to manage a hair salon, while 8.4% disagree. Generally, more than 90% of the respondents stated that it was easy to manage a hair salon. Hair salons are easily managed, as they do not have a lot be done and the owners make all the decisions related to operational and managerial matters (Veerupen, 2021).

The mean was used to rank the variables. The mean values of the variables were higher than 3.0, showing that the respondents agreed that the need for entrepreneurship was a motivating factor in the formation of new businesses. According to Arisi-Nwugballa et al. (2016), necessity entrepreneurship is primarily conceived of as business formation in the face of few alternative possibilities because businesses are typically founded owing to desperation and the need to survive (Fairlie and Fossen, 2018).

4.4.4 Stakeholder factors and business creation

This section assesses some of the stakeholder's factors on the creation of small businesses, which correlate with the third research question: Which stakeholder factors do hair salon owners consider as important for the creation of their businesses?

The variables are presented in the table below in percentages and the mean and ranking.

TADIE 4.0. Stakenoluer lactor	S and Di	15111655 C	eation			
	Not at	To a	To a	To a	Mean	Rank
	all	small	moderate	large		
		extent	extent	extent		
Unmet customers' demands	2.1	13.9	36.8	47.2	3.29	1
such as proximity to hair						
salon						

 Table 4.8: Stakeholder factors and business creation



The need to promote skills development opportunities in my community	5.6	11.8	45.8	36.8	3.14	2
The culture of inclusivity in my community	1.4	14.5	54.2	29.9	3.13	3
An increase in the population in my community	3.5	9.7	59.7	27.1	3.10	4
The need to employ skilled unemployed people in my community	2.1	18.1	53.5	26.4	3.04	5
Other hair salons not providing the needed services	3.5	17.4	51.4	27.8	3.03	6
The low cost of acquiring resources	0.7	20.1	58.3	20.8	2.99	7
The retrenchment I experienced	7.6	16.0	46.5	29.9	2.99	8
The shortage of hair salons in the area	7.6	16.0	47.2	29.2	2.98	9



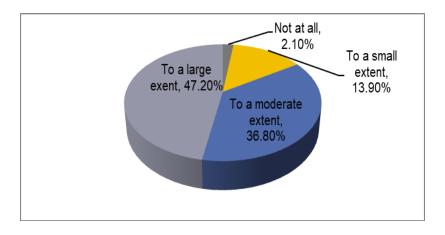


Figure 4.30. Unmet customers' demands such as proximity to hair salon

According to Figure 4.30, almost half, 47.2%, of the respondents stated that their demand for proximity to the hair salon was fulfilled to a large extent, while there were 36.8% to a moderate extent and 13.9% to a small extent and also 2.1% of the total number of respondents in the study who averred that proximity to the hair salon was not achieved at all. The results show that to increase growth and profitability, the hair salon has to be close to its customers and this finding resonates with Fader (2020) who indicates that customers are always looking for ways that would make their lives better and the closer they are to the hair salon the happier they are.

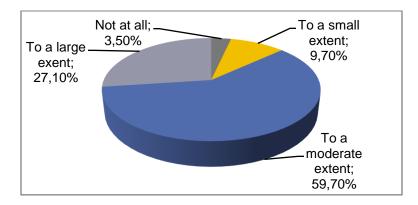


Figure 4.31. An increase in the population in my community

According to Figure 4.31, a total of 59.7% of respondents said that an evident rise in population in their neighbourhood had a moderate impact on them, 27.1% said it had a major impact, and 9.7% said it had a little impact. The remaining 3.5 percent said it had



no impact on their decision to open a hair shop. Businesses should be situated in densely populated areas to generate substantial revenues (Teece, 2010). This is in line with the findings of DiVietro et al. (2016), who claim that a high population in the neighbourhood will undoubtedly increase the number of hair salons there and that the ripple effect will be an increase in community patronage.

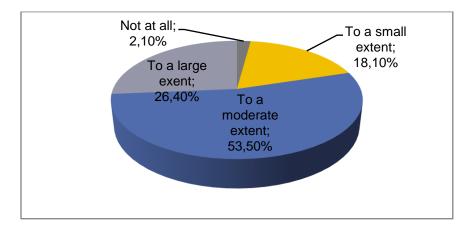


Figure 4.32. The need to employ skilled unemployed people in my community

Figure 4.32 illustrates that the need to employ skilled but unemployed people in the community influenced 53.5% of the respondents to a moderate extent and 26.4% were influenced to a large extent. There were 18.1% who were influenced to a small extent and 2.1% of the respondents were not influenced at all to create a hair salon. This shows the importance of hiring skilled people who are not working as this creates more employment, which is in line with Drexler et al (2014), who indicates that skilled people make work easier and there is no need to train them, which saves the owner money.



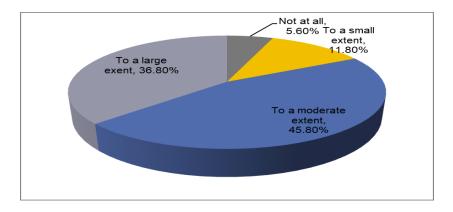


Figure 4.33. The need to promote skills development opportunities in my community

In Figure 4.33, results suggest that 45.8% were influenced to a moderate extent while 36.8% were influenced to a large extent, 11.8% were influenced to a small extent and 5.6% of the respondents in the study stated that the need to promote skills development opportunities in their community did not influence their decision to establish a hair salon. An entrepreneur should develop their employee's skills, so that they can attract more customers and grow the business (Spiegel & Harrison, 2018). The study by Bartik, et al (2020) argues as well that the need to promote skills development opportunities in the community is very important for business growth.

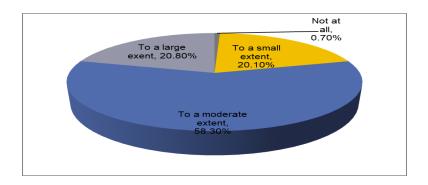


Figure 4.34. The low cost of acquiring resources

From the data in Figure 4.34, there were 58.3% who stated that low cost of resource acquisition influenced them to a moderate extent and 20.8% stated they were influenced to a large extent, 20.1% stated it influenced them to a small extent and 0.7% stated that it did not influence their decision to establish a hair salon. The figure contradicts the study



by Madichie et al (2019) who suggest that the challenges of accessing funding for purposes of establishing a small business presents a serious restrictions for SMMEs, as it needs added inflow of capital to bear growth and expansion, while on the other hand Gopalakrishnan & Matthews, (2018) argue that acquiring resources is a challenge. The best option emerging from this survey is that entrepreneurs opt rather to buy second hand resources to enable them to commence operations.

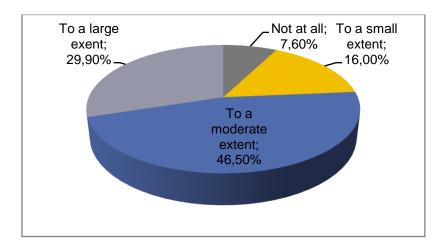


Figure 4.35. The retrenchment I experienced

According to Figure 4.35, (46.5%) of the respondents stated, that the retrenchment they experienced influenced them to a moderate extent and (29.9%) indicated it influenced them to a large extent. (16.0%) indicated it was the reason to a small extent and there were (7.6%) of the respondents who stated that their experience of retrenchment was not a factor for creating the hair salon. The evidence in the figure is in line with Røed & Skogstrøm, (2014) who indicates that a large number of respondents agree that due to their retrenchment, they were forced to start their own businesses. Furthermore, Ahsan (2020) adds that with the current fluid and uncertain economy, most business had to let people go of their employees, which forced them to look for alternative ways to generate income.



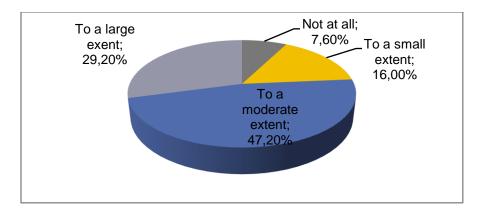


Figure 4.36. The shortage of hair salons in the area

Figure 4.36 shows that 47.2% were influenced to a moderate extent by the shortage of hair salons in the area while 29.2% were influenced to a large extent, 16.0% were influenced to a small extent and 7.6% were not influenced at all. As we can see from the figure above most of the respondents started their business due to the shortage of hair salons in the area. Meeting customers' needs is one of the major elements in starting a business which ensures that there are enough hair salons in that area, making it more reasonable in terms of access for customers to come to the hair salons (Kampani & Jhamb, 2021).

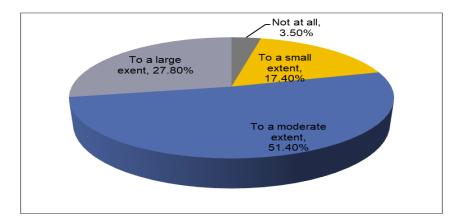


Figure 4.37. Other hair salons not providing the needed services

The findings in Figure 4.37 show that even though there are other hair salons in the community, they may not be providing the specific services needed by the clients. According to the figure, a total of 51.4% of the respondents were influenced to a moderate extent and 27.8% were influenced to a large extent while 17.4% stated it influenced them



to a small extent and 3.5% were not influenced by other hair salons not providing the needed services. Stockdale et al (2012) states that before an individual can start a business, they try to identify an area where their services are not currently provided so that they can easily establish their business and grow their clientele. The results correlate with the work of Ramafrika (2016) who states that business see opportunities to grow especially in areas where their services are not provided currently. In offering such a service, entrepreneurs establish a market in a niche area.

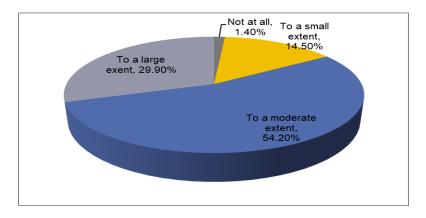


Figure 4.38. The culture of inclusivity in my community

Figure 4.38 indicates that there were 54.2% participants influenced to a moderate extent while 29.9% were influenced to a large extent to create a hair salon due to the culture of inclusivity in their community. Furthermore, 14.5% stated that it influenced them to a small extent and 14% of the respondents who stated that the culture of inclusivity in their community did not influence their decision to set up a hair salon. Inclusivity in the community is important for growth and development as most of the respondents indicated as such.

According to the average scores provided, meeting customers' demands such as proximity to the hair salon was the most important factor in establishing the hair salon, followed by the promotion of skills development opportunity in the community. This shows that meeting customers' demands is crucial, especially ensuring that the hair salon is in an area where most customers are able to access it. Such purposeful and strategic location ensures that the business hosts new skills that cascade into the community in the skills development process.



The findings above indicate that ensuring customers demand is important for the business to thrive and grow which concurs with literature that starting a business enables entrepreneurs to meet the rising demand of stakeholders (customers), Lüdeke-Freund, (2020), furthermore customers are the most important stakeholder within small businesses and without this stakeholder, a business cannot exist, Jawahar and McLaughlin (2018).

4.4.5 Stakeholder strategies and business survival

The section below indicates some stakeholder's strategies, which hair salon owners perceive as linked to business survival. This works in tandem with the fourth research question: Which stakeholder strategies do salon owners perceive as linked to the survival of their businesses?

Not	at	То	а	То	а	То	а	Mean	Rank
all		small		moderate		large	Э		
		extent		extent		exte	nt		
0.7		6.9		52.1		40.3		3.32	1
		6.9		55.6		37.5		3.31	2
0.7		8.3		50.7		40.3		3.31	3
2.1		5.6		52.1		40.3		3.31	4
	all 0.7 0.7	0.7	all small exten 0.7 6.9 6.9 0.7 8.3	allsmall extent0.76.96.96.90.78.3	allsmall extentmodera extent0.76.952.10.76.955.60.78.350.7	allsmall extentmoderate extent0.76.952.16.955.60.78.350.7	allsmall extentmoderate extentlarge exter0.76.952.140.36.955.637.50.78.350.740.3	allsmall extentmoderate extentlarge extent0.76.952.140.36.955.637.50.78.350.740.3	allsmall extentmoderate extentlarge extent0.76.952.140.33.326.955.637.53.310.78.350.740.33.31

Table 4.9: Stakeholder strategies and business survival



Building a trust relationship with the community		6.3	59.7	34.0	3.28	5
Creating alliances with other		9.7	53.5	36.8	3.27	6
employers						
Maintaining good relations with suppliers		10.4	52.8	36.8	3.26	7
Buying products in bulk to take advantage of discounts	0.7	7.6	59.7	31.9	3.23	8
Offering excellent non- imitable services	2.1	5.6	60.4	31.9	3.22	9
Attracting new customers	0.7	12.5	50.7	36.1	3.22	10
Maintaining a good employer-employee relationship	1.4	8.3	59.0	31.3	3.20	11
Maintaining customer relations with an up-to-date customer data base		15.3	58.3	26.4	3.11	12
Using promotional strategies to maintain customers loyalty	4.2	12.5	55.6	27.8	3.07	13
Borrowing finance from financial institutions	20.8	7.6	25.7	45.8	2.97	14



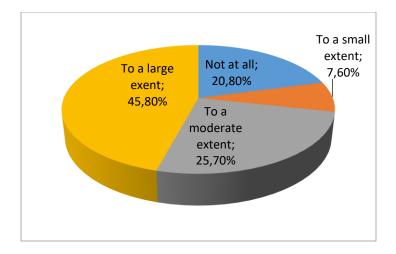


Figure 4.39. Borrowing financial from financial institutions

Figure 4.39 illustrates that there were 45.8% of respondents who agree to a large extent that borrowing from financial institutions enable a business to grow while 25.7% agree to a moderate extent, 20.8% of the respondents disagree while 7.6% agree to a small extent on financial support to survive. These results show that the majority of the respondents had to borrow many from financial institutions such as banks to start their own business. This is in line with Klačmer Čalopa et al., (2014) who indicate that it is not easy to start a business especially done does not have money and the only way one can do something is to ask for a loan as start-up capital.

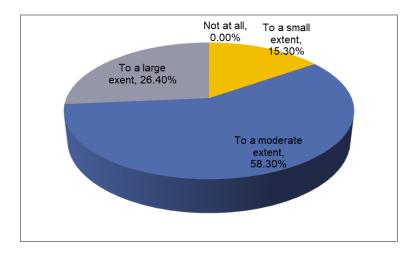


Figure 4.40. Maintaining customers relations with an up-to-date customer's database



In the pie chart above, results suggest that 58.3% agree to a moderate extent that they need to maintain an up-to-date customer's database and 26.4% to a large extent, while 15.3% agree to a small extent. The results show that keeping up with customers and their needs requires a good database of records of all their dealings and demands so that business can retrieve essential information (Katal et al., 2013).

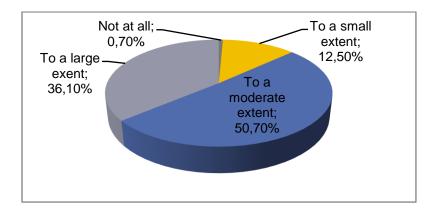


Figure 4.41. Attracting new customers

From the available data in Figure 4.41, there were 50.7% of the respondents who rely on attracting new customers to a moderate extent and 36.1% to a large extent while 12.5% to a small extent and 0.7% stated that attracting new customers was not their strategy for survival. The results correlate with the work of Amoakah (2012), that it is important to attract new customers for growth and success for any hair salon as well as Kotler et al (2019) who states that business needs to find ways to attract new customers so that they can get more profit and increase their customer database. This foregrounds the need for such a database that projects all the competition on the market.



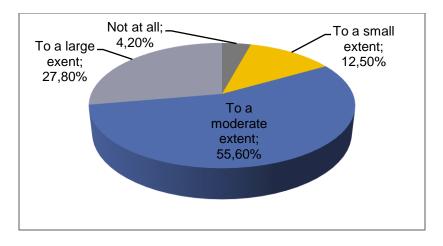


Figure 4.42. Using promotional strategies to maintain customer's loyalty

According to Figure 4.42, a significant 55.6% believe in using promotional strategies to maintain customer's loyalty to a moderate extent while 27.8% do so to a small extent and 4.2% do not rely on promotional strategies to maintain customers' loyalty. The study therefore indicates that hair salons need to develop and maintain good promotional strategies to retain customer loyalty and increase sales. The figure above resonates with Hopkins and Turner (2012) who are of the opinion that promotion is part of growing the business and acquiring more customers, as well as using promotional tools to keep customers coming and staying in the business.

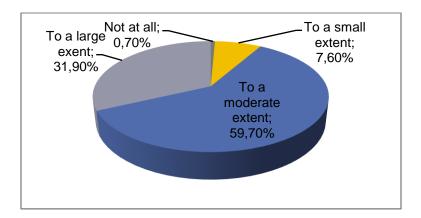


Figure 4.43. Buying products in bulk to take advantage of reduced prices and discounts



In Figure 4.43, there were 59.7% of respondents who buy products in bulk to help reduce prices to moderate extent while 31.9% do so to a large extent, 7.6% to a small extent and 0.7% of the respondents do not buy products in bulk. Salon owners prefer to buy their products in bulk, which last longer and eliminates the worry about products and they can focus more on growing the business (Schaltegger & Wagner, 2011). The figure above correlates with the findings by Iranmanesh et al (2017) who states that buying products in bulk is a good way of reducing prices and also getting discounts for certain products.

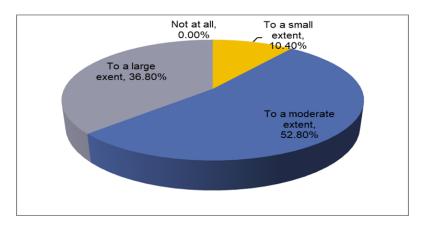


Figure 4.44. Maintaining good relation with suppliers

From the data indicated in Figure 4.44, there is a significant 52.8% of respondents who stated that they maintain good relations with suppliers to a moderate extent and 36.8% to a large extent, while 10.4% indicated to a small extent. It is important to maintain good relationships with suppliers so that products can be delivered on time as well as to build a good image for the business (Iranmanesh et al., 2017). This resonates as well with the study by Kotler et al (2019) who indicates that suppliers make it easier to get good quality products at a good price, therefore maintaining a good relationship with them is of utmost importance.



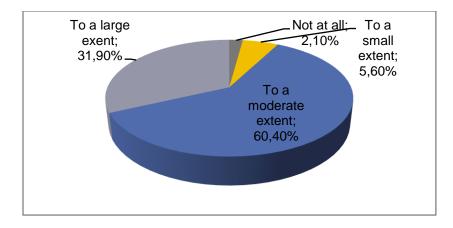


Figure 4.45. Offering excellent non-imitable services

As illustrated in Figure 4.45, There were 60.4% who relied on offering excellent nonimitable services to a moderate extent and 31.9% to a large extent, while 5.6% relied on it to a small extent and 2.1% of the respondents did not rely at all. The results show that it is important to provide services not offered by other hair salons to increase the business customer base. Most hair salons strive to provide different services through different hairstyles that are not in vogue with other hair salons to attract more new customers (Jeon, 2013).

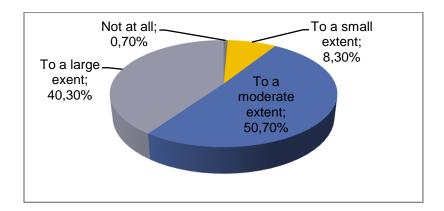


Figure 4.46. Stay ahead of competitors and innovation

From the data in Figure 4.46, there were 50.7% of the respondents who stay ahead of their competitors to a moderate extent and 40.3% to a large extent while 8.3% do so to a small extent and 0.7% stated that staying ahead of competitors with innovations was not part of their strategy for their business to survive. Staying ahead of competitors is needed



for the growth of the business and being innovative maintains survival of the business (Sorescu et al., 2011). Christensen and Raynor (2013) share a sentiment that businesses need to always stay ahead for them to succeed. In addition, they aver that a business must always be innovative and creative to beat their competitors, coming up with new ideas that critically keep the business moving and growing.

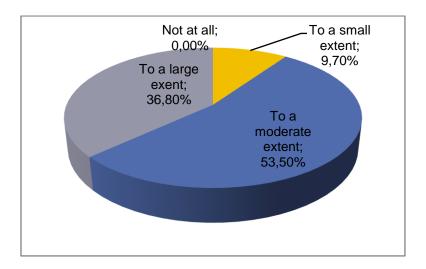


Figure 4.47. Creating alliances with other employers

According to Figure 4.47, there were 53.5% of the respondents who agreed to a moderate extent that creating alliances with other employers is needed in the business while 36.8% indicated it is a means for survival to a large extent and 9.7% to a small extent. The figure below shows that creating and having alliances with other employers helps the business to build good relationships with other business. To stay ahead of rival competition, one must know what is happening in the market and to do that they have to build alliances with others to gain insight into and knowledge in the business world (Sarkar, 2019).



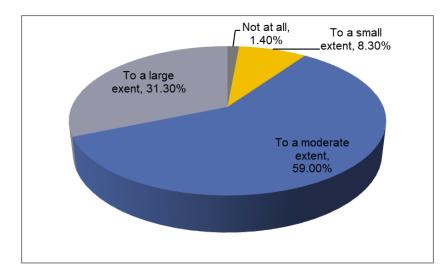
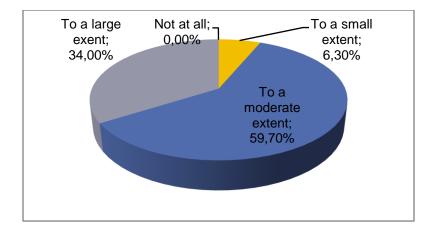


Figure 4.48. Maintaining a good employer and employee relationship

From the data generated in this study, there were 59.0% of the respondents who stated that they rely on maintaining a good relationship between employers and employees to a moderate extent while 31.3% do so to a large extent, 8.3% rely on it to a small extent and 1.4% do not at all. This finding indicates that employers and employees relationships are good for the running of the business and maintaining the impetus for growth. Figure 4.48 concurs with Epstein et al (2018) that a good and healthy relationship between employers and employees helps build the business and creates a good environment for customers to patronise the establishment.







According to the results in Figure 4.49, 59.7% rely on building a trust relationship with their community to a moderate extent while 34.0% to a large extent and 6.3% to a small extent. Building a trust relationship with the community ensures more customers and a good reputation for the business. Martínez and Del Bosque (2013) confirm that building a trust relationship with the community through providing quality service is crucial for the advancement and growth of the business because then the business would more likely than not have loyal customers.

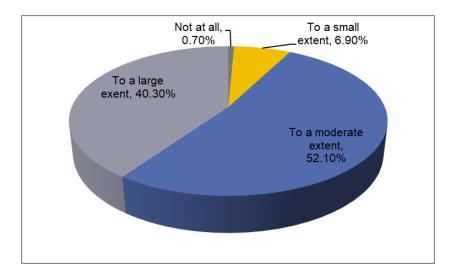
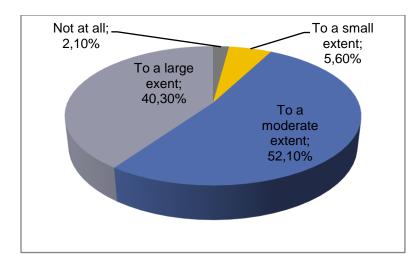
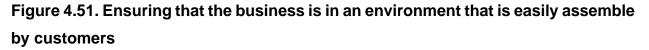


Figure 4.50. Building active participation from the community

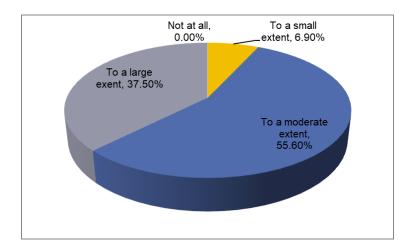
From the data available, there were 52.1% of the respondents who relied on active participation from the community to a moderate extent and 40.3% to a large extent while 6.9% to a small extent and 0.7% of the respondents did not rely at all. Wates (2014) also indicates that building an active participation from the community ensures community involvement as well as community uplifting which in turn brings in more customers.







In Figure 4.51, 52.1% ensure that the business is in an environment that is easily accessible to customers to a moderate extent and 40.3% to a large extent, 5.6% to a small extent and 2.1% do not rely on at all. The findings are in line with Wates (2014) who indicates that when a business is an environment that is easily accessible by customers, it makes it easier to attract more customers. Entrepreneurs need to ensure that the environment in which the businesses is located caters for their customers' needs and is easily accessible to keep the customers coming back (Rashid and Ratten, 2021).







According to Figure 4.52, there was a significant 55.6% of employers who are able to market their business in the environment to a moderate extent and 37.5% to a large extent, while 6.9% of employers are able to market their business in the environment to a small extent. This indicates that for growth and survival, hair salons need to market their business in their environment. Marketing is one tool that business use to attract more customers, therefore salon owners need to ensure they have active marketing tools that draw in more customers on a regular basis (Bashar et al., 2012).

The mean scores of the variables suggest building active participation was the most important variable followed by ensuring that the business is located in an environment that is easily accessible by customers and employers being able to market their business in the environment. The least important variable is borrowing finance from financial institutions. Cook (2010) indicates that having an active participation from customers ensures that the business keeps running and growing, thereby bringing in more profit. Entrepreneurs need to ensure that they actively get the customers involved in the business and identify what customers prefer to ensure that they can provide such necessities Van Weele et al (2017).

The findings above illustrates that all stakeholders are important for the smooth running of the business, which resonates with literature that business's ability to survive is determined by the involvement of its stakeholders (Wheelen et al., 2017). In addition, entrepreneurs have to ensure that they engage all their stakeholders (customer, community, employees), through customers satisfaction, employees' participation in creating a good environment for customers and community support Kotler et al (2019).

4.4.6 Business survival

The section below presents the data on business survival strategies used by the hair salon owners, in line with the fifth research question, which business survival strategies do the hair salon owners mostly use?



Table 4.10: Business survival strategies

	Never	Sometimes	Occasionally	Always	Mean	Ranks
Customer	1.4	9.0	28.5	61.1	3.49	1
satisfaction						
Ensuring a growing		13.2	45.8	41.0	3.28	2
customer base.						
Managing income		16.0	43.7	40.3	3.24	3
and expenses in the						
business						
Improving the	0.7	14.6	53.5	31.2	3.15	4
business by bringing						
in new products.						
Acquiring support	5.6	16.7	47.9	29.9	3.02	5
from customers and						
its community.						
Employees training	2.1	20.1	59.7	18.1	2.94	6
Building	2.8	29.9	40.3	27.1	2.92	7
competitiveness in						
the business as						
growth gets harder.						



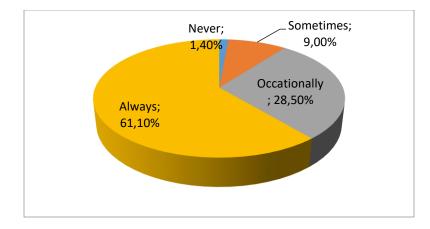


Figure 4.53. Customer's satisfaction

According to Figure 4.53, a total of 61.1% of the respondents stated they always strive for customers satisfaction, while 28.5% indicated that customer satisfaction occasionally influences their business survival, also 9.0% stated that it does sometimes and 1.4% never strive for customer satisfaction. These results resonate with Fourie (2015) who indicates that customer satisfaction is one of the most important aspects for business survival. When customers are satisfied and happy, they always find a way to come back to the business, which boosts the image of the business and creates an active clientele for the business.

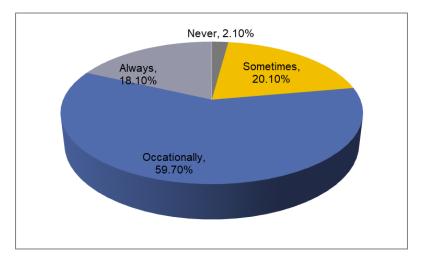


Figure 4.54. Employees training



Figure 4.54 indicates that there were 59.7% who occasionally use employees training, 20.1% sometimes. Also 18.1% always use employees training for business survival and 2.1% never use employees training. Abomeh and Peace (2015) are of the opinion that training employees ensures that the business has skilled labour and that the business considers the needs of their customers first. The study is in line with Belias et al. (2020), who states that training employees is good for the business and the business could easily grow and build customer trust as they develop confidence in the employees and the work they deliver.

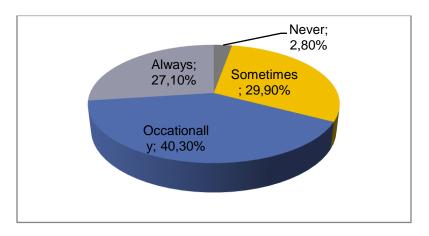


Figure 4.55. Building competitiveness in the business

Data generated in the study indicates that 40.3% of respondents occasionally build competitiveness in the business and 29.9% sometimes do so, 27.1% always does it, as growth gets harder and 2.8% of the respondents never built competitiveness. As most business struggle to build their competitive edge for growth, the figure above indicates the importance of competitive edge in ensuring growth. Competition forces business out of their comfort zone. Consequently, they tend to become more creative, hence, entrepreneurs need to compete with other businesses of similar interest such that there is a healthy challenge to grow (Zahra & Nambisan, 2012).



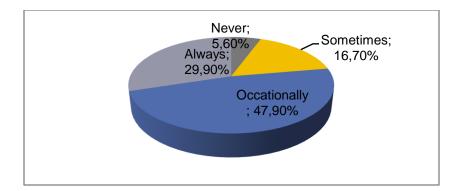


Figure 4.56. Acquiring support from customers and its community

Results in Figure 4.56 suggest that 47.9% of respondents occasionally acquire support from customers and their community while 29.9% of the respondents are always acquiring support, 16.7% sometimes and 5.6% of the respondents never acquired support. The study by Wates (2014) consolidate the results that customers and their community make up the business. When such a clientele is guaranteed, the business becomes successful, and that is what every business strives to achieve. Womack and Jones (2015) states that every business strives to ensure that they get customers who are willing to support them.

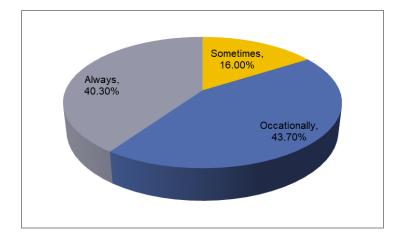


Figure 4.57. Managing income and expenses in the business

From the data available, (43.7%) of the respondents occasionally manage their income and expenses and (40.3%) always manage, while (16.0%) of the respondents sometimes manage their income and expenses. The results indicate that managing income and expenses is very important for growth and survival for any business, which is in line with



Drucker (2012) who indicates that, how a business deals and manages its income and expenses will determine how long they will last in the business.

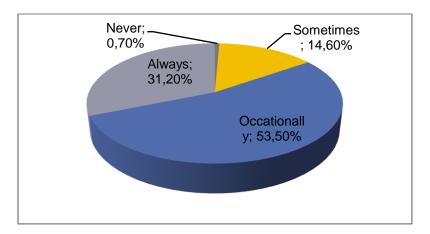


Figure 4.58. Improving the business by bringing in new products

In Figure 4.58, when asked if improving the business by bringing in new products influenced the survival of their business, (53.5%) indicated that it influenced it occasionally while (31.2%) stated it always influences them and (14.6%) stated that it sometimes influences them and (0.7%) of the respondents indicated it never did. The results resonates with Ranabhat (2018) who states that improving the business by bringing new products builds the business and attracts more customers

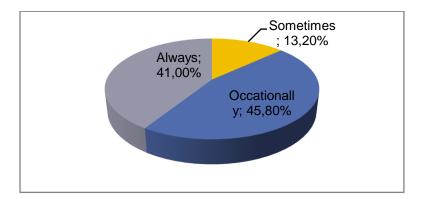


Figure 4.59. Ensuring a growing customer base

According to Figure 4.59, (45.8%) stated that ensuring a growing customer base influences them occasionally while (41.0%) indicated it influenced them always. There were (13.2% of the respondents who stated that it sometimes influenced the survival of



their business. De Jong et al (2021) indicates that ensuring a growing customers base ensures growth and success for the business.

The findings above indicate that managing income and expenses is very important for growth and survival for any business and that improving the business by bringing new products builds the business this resonates with literature that survival of small businesses is crucial for the welfare of the business for it to grow (Xu et al., 2020). Moreover, though growth may increase the chances of survival, it is not easy to identify which business is likely to grow without proper financial back up, Radácsi and Filep (2021).

4.4.7 Necessity entrepreneurship and firm/business survival

The section below presents results of analysis to check whether there is a relationship between necessity entrepreneurship and firm/business survival linked to the sixth question: What is the relationship between necessity entrepreneurship and firm survival?

	Necessity	Necessity	Stakeholder	Stakeholder	Business
	entrepreneur	entrepreneurship	factors and	strategies	survival
	ship	and business	business	and	strategies
		creation	creation	business	
				survival	
Necessity	1				
Necessity	1				
entrepreneurship					
Necessity	0.714*	1			
entrepreneurship					
and business					
creation					

Table 4.11: Correlation among the constructs



Stakeholder	0.532*	0.638*	1		
factors and					
business creation					
Stakeholder	0.337*	0.370*	0.485*	1	
strategies and					
business survival					
Business survival	0.159	0.054	0.152	0.276*	1
strategies					

Table 4.11 above displays the correlation among the constructs with 0 being the lowest amount and 1 the highest amount indicating the statistically significance.

The table shows a statistically significant link between necessity entrepreneurship and business creation (0.714), business stakeholders and company creation, and business stakeholders and business survival (0.714). (0.485). This shows that business formation and requirement entrepreneurship, as well as business stakeholders and business creation, have a positive link.

Furthermore, there is a statistically significant link between business stakeholders and business creation as well as between need entrepreneurship and business creation (0.638). This suggests a favourable connection between these variables (Necessity entrepreneurship, business creation and business stakeholders). According to the link between business stakeholders and business survival (1), there is a statistically significant positive correlation between these two variables.

According to the aforementioned assertion, the variables (necessity entrepreneurship and business stakeholders) and business survival are related. Entrepreneurs strives to build their business through the need to create and start a business, which is mainly because of necessity and a need to survive (McMullen & Dimov, 2013. For any business to survive)



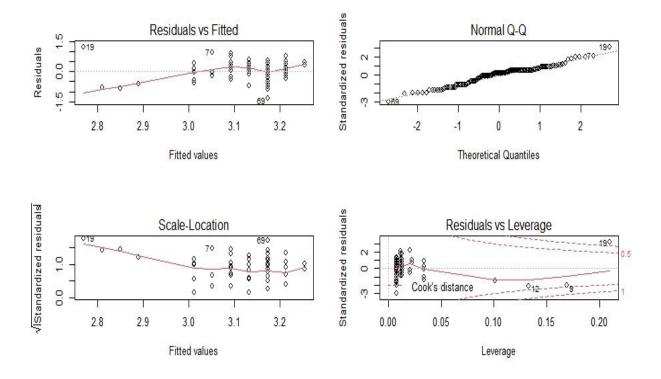
they need to have stakeholders (employees, customers and their community) and statistics have shown that there is a relationship between stakeholders and business survival. An active stakeholder builds the business and helps maintain growth (López-Pérez et al., 2018). Table 4.11 shows that business which correlates with these variables (necessity entrepreneurship, business stakeholders as well as business survival) have a high chance of success.

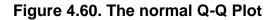
Table 4.12: Regression model for the use of necessity entrepreneurship to support
firm survival.

Variable	Estimate	Std error	T value	P value
Intercept	2.60703	0.28549	9.132	6.17e-16
Necessity entrepreneurship	0.16161	0.08445	1.914	0.0577

The coefficients for the predictor variable in the final model are summarized in Table 4.12. The p-value is estimated at 0.08445, and the F-statistic is 3.662. The adjusted R square is (1.914 - 0.08445) 1.83%, indicating that entrepreneurship out of necessity accounts for 1.83% of the variation in business survival. The p-value for the Durbin Watson statistics was 0.002, 1.48. There may be autocorrelation, as suggested by the significant p-value. Heteroscedasticity is suggested by a substantial p-value for the non-Constance variance (p-value <0.000) and the Breusch Pagan test (p-value <0.000).







The Normal Q-Q plot in Figure 4.60 depicts that the residual values are normally distributed because the dots almost all fall on the dotted straight line. The normal Q-Q plot checks the residuals' normality. There is no obvious pattern visible on the plot of the residuals and fitted values, indicating that the error terms do not have a constant variance. This supports the linear association hypothesis and suggests a linear relationship between entrepreneurship motivated by necessity and business survival. The Scale-Location graph's points, which examine the homogeneity of residual variance, also hints that the constant variance assumption has been satisfied. Based on the Cook's distance value, the Residual versus Leverage plot suggests there may be potential outliers.

4.4.8 Gender differences, age and nationality on necessity entrepreneurship and firm survival

This section presents the average rating between the different gender, age and nationality on necessity entrepreneurship and firm survival, which is in accordance with the seventh



research sub-question, Are there gender, age and nationality differences regarding necessity entrepreneurship and firm survival rating.

	Firm survival				
	Category	Mean	SD	P-value	
Gender	Female	3.17	0.46	0.296	
	Male	3.08	0.40		
Age group	21-25	3.48	0.16	0.1996	
	26-30	3.08	0.45		
	31-40	3.21	0.40		
	41-50	3.06	0.56		
Nationality	South African	3.15	0.46	0.9783	
	Permanent resident	3.16	0.33		
	Non-South African	3.15	0.46		

Table 4.13: t-test and Kruskal Wallis

The average rating of business survival by males and females were 3.08 and 3.17, respectively. There was no statistically significant difference (p-value=0.296) between males and females in the rating of business survival. The findings above illustrate that there is no link between genders (male and female) and business survival, meaning that gender does not have an impact in the survival of a business, which is in line with Kabeer (2021) who states that both male and females only strive to build and grow their business regardless of their gender but also contradicts (Lemma et al., 2022), who states that gender is very important to determine the survival of a business



A Kruskal Wallis test was conducted to explore the level of agreement among different age groups and different nationalities. The result of the Kruskal Wallis test on business survival did not yield a statistically significant variation among the different age groups (p-value=0.1996) and also among the different nationalities (p-value=0.9783). These results indicate that age together with nationality does not affect the entrepreneurs in starting and running a business, as long as they are determined and willing to work hard to establish a business.

	Necessity entrepreneurship				
	Category	Mean	SD	P-value	
Gender	Female	3.34	0.48	0.3465	
	Male	3.40	0.24	0.6535	
Age group	21-25	3.50	0.00	0.725	
	26-30	3.35	0.47		
	31-40	3.37	0.39		
	41-50	3.29	0.53		
Nationality	South African	3.33	0.51	0.9117	
	Permanent resident	3.38	0.36		
	Non-South African	3.40	0.23		

Table 4.14: t-test and Kruskal Wallis

The average rating of necessity entrepreneurship by males and females were 3.40 and 3.34, respectively. There was no statistically significant difference (p-value=0.3465) in the rating of necessity entrepreneurship by both males and females. The results suggest that



is no relationship between males or females with necessity entrepreneurship, meaning that gender does not have an impact on necessity entrepreneurship, which contradicts that study by Cordova (2019) who indicates that gender does play a significant impact in starting and running hair salons.

A Kruskal Wallis test was conducted to explore the level of agreement among different age groups and different nationalities regarding necessity entrepreneurship. The result of the Kruskal Wallis test on necessity entrepreneurship did not yield a statistically significant variation among the different age groups (p-value=0.725) and among the different nationalities (p-value=0.9117). The results indicates that there is no relationship between age and nationality, meaning that age and nationality will not have an impact on how entrepreneurs establish their business.

4.5 SUMMARY

The results pertaining to specific research questions were laid out in this section. Frequency tables, pie charts, and percentages were used to describe the data collected from respondents. The test-test and Kruskal Wallis tests were used in the exploratory factor analysis, and the results were presented and debated. On the basis of the findings, the next chapter offers conclusions and suggestions.



CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter contains conclusions in relation to the study's literature evaluation and the findings in Chapter 4. It provides recommendations based on investigations into how necessity entrepreneurship affects hair salons' ability to survive in the Mangaung Metropolitan Area.

The following research questions were addressed by the study:

Main research question:

What is the impact of necessity entrepreneurship on the survival of hair salons?

Subsidiary Research question(s)

1. To what extent do hair salon owners use necessity entrepreneurship to start their businesses?

2. Which specific factors of necessity entrepreneurship are critical in the establishment of hair salons?

3. Which stakeholder factors do hair salon owners consider as important for the creation of their businesses?

4. Which stakeholder's strategies are perceived by hair salon owners as important for the survival of their businesses?

5. Which business survival strategies are mostly used by the hair salon owners?

6. What is the relationship between necessity entrepreneurship and firm survival?

7. Are there gender, age and nationality differences regarding necessity entrepreneurship and firm survival ratings?



5.2 CONCLUSIONS BASED ON THE LITERATURE REVIEW

The literature review clarifies that necessity entrepreneurship, entrepreneurship, stakeholder and firm survival play a critical role in determining the survival rate of the hair salon business. It also indicates that an in-depth knowledge of the business and how it operates could give an informed understanding of necessity entrepreneurship; therefore, the business and its characteristics clarify the importance of starting a business. Furthermore, it also indicates that government involvement in entrepreneurship empowers entrepreneurs in initiating their businesses and ensuring their survival and growth. As indicated in the literature review, below are some conclusions on aspects of necessity entrepreneurship:

5.2.1 Conclusion on Necessity Entrepreneurship

As seen throughout the literature review, necessity entrepreneurship has been a tool that entrepreneurs use to pursue opportunities to build new products and services. "Necessity entrepreneurs" are individuals who start their firms while they are unemployed (Nagler et al., 2014). Necessity entrepreneurs show courage in starting a business regardless of all the challenges they might face. Aspects such as necessity entrepreneurs, necessity entrepreneurship characteristics (passion, communication skills and risk-taking), and entrepreneurial funding were discussed and highlighted as critical drivers (Shane, 2012).

It is concluded that as entrepreneurs start their business due to non- employment and the need to survive, they venture into small businesses. They look at factors such as what type of business would best suit them, whether they have the necessary background and education needed for the business to succeed and if they have all the financial resources to ensure growth.

5.2.2 Conclusion on the relationship between necessity entrepreneurship and demographics (Age, Gender and Nationality)

The literature found evidence of a connection between business demography and necessity entrepreneurship. The focus on the demographics was mainly on gender, age and nationality. Demographics certainly has a role to play in entrepreneurship as evident from scholarly debates as cited in preceding chapters (Aremu & Adeyemi, 2011). Age



was identified as one of the most crucial aspects of entrepreneurship (Aremu & Adeyemi, 2011). Prevailing research demonstrates that the network of females in the hair salon sector is similar to that of males, and they frequently collaborate to assure growth and profitability. Age disparities are then studied, followed by gender.

It can be concluded that demographics influence trends and patterns in business to ensure effective growth. Entrepreneurs need a better understanding of their business's demographics, such as the best age group that would work best for them, males or females, and the preferred nationality.

5.2.3 Conclusion on small service business and the role of necessity entrepreneurship in the creation of small service business

These are businesses with less than 50 employees and are often run by individual owners. They help enhance economic growth, promote development, and increase profit for the government (Nzewi et al., 2017). Most governments rely on small businesses to decrease unemployment and create opportunities for self-employment; hence, they find ways to fund them.

The literature review looked at aspects such SMMEs, challenges of SMMEs, environmental challenges, and sustainability. It also indicated that for businesses to survive, they need to be sustained and maintained well; therefore, the conclusion is that small service businesses are key factors in the economic development of any country.

In conclusion, for entrepreneurs to meet their basic needs and provide the necessary funds to enable entrepreneurs to grow and maintain their business survival create small businesses, there is certainly need for necessity entrepreneurs. The role of necessity entrepreneurship is to create a platform to start small service businesses such as hair salons to support themselves and their families.

5.2.4 Conclusion on stakeholders and the link between necessity entrepreneurship and stakeholders

Minoja (2012) indicates that stakeholders are a group of individuals who affect the business or who are being affected by the business, such as employers, employees,



consumers, and the society. One of the most important aspects of stakeholders is to ensure that the connection between the business and its stakeholders is cultivated to ensure success. Furthermore, without stakeholders, the business cannot function and run properly.

Literature established that stakeholders and their roles in small service businesses by identifying the business's primary (customers, employers, employees and community) and secondary stakeholders (interest groups and government agencies) tend to ensure that the business survives (Minoja, 2012).

In conclusion, stakeholders make the business and need to be treated with the utmost respect. Entrepreneurs need to identify their stakeholders and incorporate them in their business to ensure effectiveness, growth, and success. There is a link between necessity entrepreneurship and stakeholders, whereby any entrepreneur in need of creativity and growth works with stakeholders (customers, employees, and community) to cultivate a culture of inclusivity and unity in that community and area, thereby making their business open for development and success.

5.2.5 Conclusion on firm survival

Aspects such as national economies, financial resources, and natural disasters determine the survival of any small business. Most small businesses cannot survive because of a lack of finances (Tundui & Tundui, 2012). The literature reviewed factors such as human resource management, lack of training and education as well lack of access to technology affect the survival rate of any small business

In light of this, it can be said that in order for a small business to succeed and endure, it is necessary for it to learn about entrepreneurship, good business management, and how to spot potential dangers. Entrepreneurs need to have enough capital to start the business and make profit enough to sustain the business.



5.2.6 Conclusion on the relationship between necessity entrepreneurship and firm survival

Survival of the business does not depend on the capital contribution only but also on the performance of the business (Tundui & Tundui, 2012). Any entrepreneur who does not have any objective of growing the business or create opportunities for creativity will eventually shut down their business.

In conclusion, there is a relationship between necessity entrepreneurship and firm survival and the foremost point is that most entrepreneurs stand to lose everything if they do not give it their all; therefore, they work extra hard to bring in new ideas, generate more capital, and accumulate profit.

5.2.7 Conclusion on hair salons as a small service business

Hair salon businesses are old and have been around for a while, but the government has neglected them (Ramafikeng, 2016). Most officials do not take them seriously because they appear to be unprofessional, and that most initiatives are started because of need and not opportunity. Fortunately, they are one of the most growing small businesses and they tend to consolidate out of sheer momentum and determination of those that withstand the business storms (Ramafikeng 2016).

The conclusion is that in as much as there are challenges, hair salons are small service businesses that are on the rise because entrepreneurs believe that they can effectively run them by themselves with less capital needed and still make enough to sustain themselves and their families.

5.3 CONCLUSIONS BASED ON RESEARCH QUESTIONS

The first research question: To what extent do hair salon owners use necessity entrepreneurship to start their businesses? As indicated in Table 4.6, the results show that more than 60% of the respondents agree to necessity entrepreneurship. The variables were ranked using the mean, and the ranking indicated that unemployment was the most important variable for necessity entrepreneurship, followed by family financial pressures.



As such, it can be said that hair salons are crucial to the development of necessity entrepreneurship in the research domain.

The second and third research question: Which specific factors of necessity entrepreneurship are critical in the establishment of hair salons and which stakeholder factors do hair salon owners consider as important for the creation of their businesses?

According to Table 4.7's results, 60% of the factors were over 3.0, which shows that respondents agreed with necessity entrepreneurship and business development, showing that necessity entrepreneurship is typically conceived of as business when there are few other options.

The results in Table 4.8 show that more than 60% of respondents have a mean average of 3.0 and according to the average scores provided, meeting customers' demands such as proximity to the hair salon was the most important factor in creating the hair salon; followed by the promotion of skills development opportunity in the community.

Therefore, it is concluded that most entrepreneurs created their business out of necessity. Furthermore, hair salons in the study area only engage some stakeholders, which are customers and community. Hair salon owners believe that customers and community play major role in establishing the business to ensure that they make a profit.

The fourth and fifth question: Which stakeholder's strategies are perceived by hair salon owners as important for the survival of their businesses and which business survival strategies are mostly used by the hair salon owners?

Table 4.9 shows the results of a mean average of between 2.0 and 3.0 and above, which indicates that the mean scores of the variables suggest building active participation was the most important variable; followed by ensuring that the business is in an environment that is easily accessible by customers and employers being able to market their business in the environment.

The logical conclusion is that hair salons build active participation with their stakeholders (customers, employers, community, and environment). According to Table 4.11, there is a correlation (relationship) of (0.276) between business stakeholders (stakeholder's



characteristics) and business survival as well as a statistical significance between the two. When stakeholders feel that a company is functioning in a way that is consistent with its values, they are more eager to cooperate with it.

The sixth research question: What is the relationship between necessity entrepreneurship and firm survival?

According to the findings in Table 4.10, the highest average of 3.28 shows the growing customer's base, which shows that a good growing customer base will increase the chances for the business to be a success. Table 4.11 indicates a minimal correlation (relationship) of 0.159 between necessity entrepreneurship and business survival but there is no statistical significance between necessity entrepreneurship and business survival.

Therefore, based on the research question, there is no relationship between necessity entrepreneurship and firm survival.

The seventh research question: Are there gender, age and nationality differences regarding necessity entrepreneurship and firm survival ratings?

The results in Tables 4.13 and 4.14 indicates that necessity entrepreneurship did not yield a statistically significant variation among the different age groups, gender and nationality, meaning that these variables do not play a major role in starting a business.

The conclusion is that ratings on gender, age and nationality are not important in ensuring the survival of the business, as long as the entrepreneur is willing to work hard and put in effort into the business and acquire enough knowledge on sustaining the business.

5.4 RECOMMENDATIONS

The study's recommendations are based upon the results and its discussion in Chapter 4.



5.4.1 RECOMMENDATIONS FOR NECESSITY ENTREPRENEURSHIP ON THE SURVIVAL OF SMALL SERVICE BUSINESSES

5.4.1.1 Recommendation based on policy

It was suggested throughout literature in Chapter 2 that entrepreneurs need to gather adequate information on necessity entrepreneurship and business stakeholders to understand better what is needed to build a healthy and successful business. The government's involvement is needed for growth and sustainability. The following suggestions are recommended for future policies:

- Policy on connection (building productive and healthy relationships) and communication between necessity entrepreneurs and the government.
- Policy on creating a platform that enables necessity entrepreneurs and government to work together through the initial start-up, to ensure effective growth and enhance profitability.
- Government assistance for necessity entrepreneur's families through educational programs and part time jobs. (This might seem a little impractical but, the government can incorporate it in their budget to ensure an effective growing economy).

SMMEs are the driving force of the country's economy and need to be enhanced and supported by the government to succeed.

5.4.1.2 Recommendation based on practice

As the results illustrate that most entrepreneurs started their business out of necessity and the need to survive, most businesses are not sustainable, as they did not have enough resources to maintain the business. Therefore, it is evident that necessity entrepreneurs need the necessary skills and resources together with knowledge to build a successful business. The findings confirm that desperation can cause the entrepreneur to embark on a journey into the unknown, which can influence the economy in a negative way by not producing enough profit to increase economic growth.



Necessity entrepreneurs need to be actively involved with other entrepreneurs by engaging through their business seminars and shadowing them to see how they run their business to ensure sustainability. They need to engage more with the government in seeking assistance to start their business well so that they can do business and not just out of necessity but out of the opportunities they get.

Necessity entrepreneurs need to also follow guidelines provided to ensure success. Guidelines show how entrepreneurs could entrench an understanding of all business stakeholders and developing entrepreneurial skills that are very important to small business especially hair salons.

5.4.1.3. Recommendations for further research

The following recommendations for future research are made in light of the study's findings:

- The study only investigated the impact of necessity entrepreneurship on the survival of hair salons, identifying that entrepreneurs only started their business for survival and need and not opportunities. Perhaps other researchers could extend this and investigate the effectiveness and implementation of the government's involvement in creating platforms for entrepreneurs and provide guidelines towards the establishment of thriving entities.
- The study was undertaken on hair salons in the Mangaung metropolitan area only; perhaps further research should be conducted within other municipalities and across different small businesses to cover different demographic profiles to understand the survival of necessity entrepreneurship in the province.

5.5 SIGNIFICANCE OF THE STUDY

Although there are studies on necessity entrepreneurship and its impact on entrepreneurs, this study focuses on the survival of necessity businesses to verify how long the business has been in operation before challenges occurred. In addition, this study sought to identify how to assist entrepreneurs in growing their business from survival to thriving. In that regard, it is a study research on both necessity and business



survival. Therefore, the significance of the study lies in generating guidelines for SMMEs, to ensure a full understanding of stakeholder's expectations and developing proper entrepreneurial skills that nurture positive intentions towards creating their business.

5.6 LIMITATIONS OF THE STUDY

The following factors are considered as the limitations of the study:

The data collection was done during Covid-19; therefore, it was difficult to administer the questionnaires to the participants physically. Therefore, the researcher had to create a link that could be administered through the internet to allow participants to access the link and answer the questionnaire online.

Gathering telephone numbers and email addresses of the hair salon owners was a challenge; therefore, the researcher had to consult with the Free Stare Development Corporation (FDC) and other hair salon owners in neighbouring surroundings to gather all the necessary information to administer the questionnaire. Some participants were reluctant to take part in the research, as they had challenges accessing their internet, and others had no data to go to the internet, which delayed answering the questionnaires.

5.7 SUMMARY

The following conclusions have been drawn on the impact of necessity entrepreneurship on the survival of small service enterprises based on the empirical research and literature review findings: a case study of a hair salon in the Free State's Mangaung Metropolitan Region. These findings led to recommendations that would help future research by advising entrepreneurs on how to launch and run successful enterprises.



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ANNEXURE A



IMPACT OF NECESSITY ENTREPRENEURSHIP ON THE SURVIVAL OF SMALL SERVICE BUSINESSES: A CASE STUDY OF HAIR SALONS IN MANGAUNG METROPOLITAN AREA, FREE STATE.

You are kindly asked to participate in a research study conducted by Bilonda Kabuya, a Master's Degree student from the Department of Business Support Studies at the Central University of Technology.

1. PURPOSE OF THE STUDY

The purpose of this study is to investigate the impact of necessity entrepreneurship on the survival of small service businesses (such as hair salons), which are often started by unemployed people in South Africa, not to fulfil a need in the market or to capitalize on an existing opportunity, but out of sheer need to survive. With many of such service businesses sprouting in the country, the question that remains unanswered, therefore, is 'Does mere venturing into necessity entrepreneurship make the business to survive?'.

2. WHY HAVE I BEEN INVITED TO PARTICIPATE IN THIS PROJECT?

You have been selected to participate in this study because of your in-depth knowledge of what is happening in the hair salon Industry.

3. PROCEDURES

If you volunteer to participate in this study, you will be asked to complete a questionnaire that will be provided by the student.



3.1 COMPLETION OF THE QUESTIONNAIRE

You will be required to complete a questionnaire individually. The questionnaire will take approximately 20-30 minutes to complete and they are no right or wrong answers.

4. POTENTIAL RISKS AND DISCOMFORTS

This study involves you indicating, in some instances, how often you have been involved with hair salons, as well as your opinions on how your business has started and survived. There might be a slight risk of discomfort in terms of you giving your honest responses. However, please note that your responses to every statement will be completely confidential and anonymous, and no information will be shared with anyone within your business or any other business. The data will only be used for this study's research purposes. The data will not, in any way, inform any decisions regarding yourself as an employee of your business.

5. POTENTIAL BENEFITS TO SUBJECTS AND/OR TO SOCIETY

There are no direct benefits for the individual participants taking part in this study. The results of the questionnaire will be handed over to the university as a collective. These results might indicate the need to design intervention strategies for hair salons. These strategies may be beneficial in terms of ensuring the survival rate of small businesses in general, but specifically, hair salons.

6. PAYMENT FOR PARTICIPATION

No payment will be made to you as a participant nor your business for taking part in this study.

7. CONFIDENTIALITY

Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will be disclosed only with your permission or as required by law. The results of this study will be published in the form of a completed dissertation as well as in an accredited journal Participants' names will not be published.



8. PARTICIPATION AND WITHDRAWAL

You can choose whether to be in this study or not. If you volunteer to be in this study, you may withdraw at any time without consequences of any kind. You may also refuse to answer any questions you do not want to answer.

9. IDENTIFICATION OF INVESTIGATORS

If you have any questions or concerns about the research, please feel free to contact the student Miss Bilonda Kabuya (<u>matildakabuya@gmail.com</u>).

10. RIGHTS OF RESEARCH SUBJECTS

You may withdraw your consent at any time without any penalty. You are not waiving any legal claims, rights, or remedies because you are participating in this research study. If you have questions regarding your rights as a research subject, contact Prof Crispen Chipunza (cchipunza@cut.ac.za / 051 507 3218) or Dr Lentswe Mosweunyane (Imosweuny@cut.ac.za) from the Department of Business Support Studies at the Central University of technology.



CONSENT FORM (please tick the appropriate box):

Please indicate which statement applies to you, by ticking the appropriate box below the statement. Please only select one option.

I have read and understood the information provided above and hereby consent to voluntarily participate in this study under the stipulated conditions.

I have read and understood the information provided above and hereby decline to participate in this study under the stipulated conditions.

Instructions

Your responses to this questionnaire will be treated with uttermost confidentiality

1. Your name is not needed anywhere in this questionnaire

2. Indicate your response to each item by an (**X**) on the number that best represents your standing on the item.

Thank you for willing to participate in this study.



Section A: Demographic Data

The demographical information in this study is needed for statistical purposes only. For example, checking the distribution of the sample in terms of gender, age, race, educational qualification and others.

- 1. Gender
- a. Male
- b. Female
- 2. Age
- a. Below 20
- b. 21 25
- c. 26 30
- d. 31 40
- e. 41 50
- f. 51 and above

3. Nationality

- a. SA Citizen
- b. Non SA Citizen
- c. Permanent Resident Holder

4. Languages

- a. English
- b. Sotho
- c. Afrikaans
- d. Zulu



- e. Xhosa
- f. Setswana
- g. Others: Specify.....

5. Form of Ownership

- a. Sole Trade
- b. Partnership
- c. Company

6. Role in the Business

- a. Owner
- b. Partner
- c. Manager
- d. Others: specify.....

7. Years of experience in this job

- a. less than 1 Year
- b. 1 2 years
- c. 3-4 years
- d. 5 6 years
- e. 7 8 years
- f. 9 and above

8. Highest educational qualification

- a. Primary schooling
- b. Matric certificate
- c. Tertiary certificate
- d. Diploma: Specify.....
- e. Postgraduate

9. Number of employees in the business

- a. None
- b. One



- c. 2 4 Employees
- d. 5 10 Employees
- e. 11 and above, please specify.....

10. How did the business start?

- a. Started anew
- b. Took over an existing business

11. Number of years the business has been in existence

- a. Less than 1 year
- b. 1 year
- c. 2 4 years
- d. 5 10 years
- e. Above 10 years

The estimates average gross profit% over the past 5 years

- a. Loss making
- b. Break even
- c. 2%
- d. 3 5 %
- e. Over 5%



SECTION B 1: Necessity entrepreneurship

Below are statements on necessity entrepreneurship. Please indicate the extent to which you agree or disagree with each statement.

Statements	Strongly disagree	Disagree	Agree	Strongly agree
12. Unemployment can compel a person to start a business.	1	2	3	4
13. Dissatisfaction with current employment may force one to start a business.	1	2	3	4
14. Family financial pressure can compel one to start a business.	1	2	3	4
15. Having no other alternatives of income can compel one to start a business.	1	2	3	4



SECTION B 2: Necessity entrepreneurship and Business creation

Below are statements on what motivates entrepreneurs to start a business. With respect to your own hair salon, please indicate the extent to which you agree or disagree with each of the statements below.

Statements	Strongly	Disagree	Agree	Strongly
	disagree			agree
I started the hair salon business because:				
16.I tried other business and it did not work	1	2	3	4
17.I had to find a way to support my family.	1	2	3	4
18.I was not earning enough with my previous employment.	1	2	3	4
19. It was the only thing I could do to generate an income.	1	2	3	4
20.1 wanted better living conditions.	1	2	3	4
21.I did not have skills for any other business.	1	2	3	4
22. It was necessary for survival.	1	2	3	4
23.1 was unemployed	1	2	3	4
24. Running a hair salon is cost effective	1	2	3	4
25. It is a service on high demand	1	2	3	4



26.1 realised it would cater for a diverse	1	2	3	4
clientele				
27. There are a few if any regulations to start it	1	2	3	4
28. It can easily be managed	1	2	3	4

SECTION C: Stakeholders and business creation

The list below indicates stakeholders (customers, employers, community and environment) which may influence the creation of small businesses. With respect to your own business (hair salon), please indicate the extent to which the following stakeholder-related reasons influenced you to create it.

Statements	Not at	Тоа	Тоа	Тоа
	all	small	moderate	large
		extent	extent	extent
29. Unmet customers' demands such as	1	2	3	4
proximity to hair salon.				
30. An increase in the population in my	1	2	3	4
community				
31. The need to employ skilled unemployed	1	2	2	4
people in my community				
32. The need to promote skills development	1	2	3	4
opportunities in my community				
33. The low cost of acquiring resources	1	2	3	4
34. The retrenchment I experienced	1	2	3	4
35. The shortage of hair salons in the area	1	2	3	4



36. Other hair salons not providing the	1	2	3	4
needed services				
37. The culture of inclusivity in my	1	2	3	4
community				

SECTION D: Stakeholder factors and Business Survival

The list below indicates some stakeholders strategies linked to business survival. With respect to your own hair salon, please indicate the extent to which you rely on each of the following strategies for the survival of your own business.

Statements	Not at all	To a small extent	To a moderate extent	To a large extent
38. Borrowing finance from financial institutions.	1	2	3	4
39. Maintaining customer relations with an up to date customer database	1	2	3	4
40. Attracting new customers.	1	2	3	4
41. Using promotional strategies to maintain customer's loyalty.	1	2	3	4
42. Buying products in bulk to take advantage of reduced prices and discounts	1	2	3	4
43. Maintaining good relations with suppliers	1	2	3	4
44. Offering excellent non-imitable services.	1	2	3	4
45. Staying ahead of competitors with innovations.	1	2	3	4



46. Creating alliances with other employers	1	2	3	4
47. Maintaining a good employers and employee relationship	1	2	3	4
48. Building a trust relationship with the community	1	2	3	4
49. Building active participation from the community	1	2	3	4
50. Ensuring that the business is in an environment that is easily accessible by customers	1	2	3	4
51. Employers being able to market their business in the environment	1	2	3	4

SECTION E: Business survival

Below are statements on business survival. With respect to your own hair salon, please indicate how often these statements influence the survival of your business.

Statements	Never	Sometimes	Occasionally	Alway
				S
52. Customer satisfaction	1	2	3	4
53. Employees training	1	2	3	4
54. Building competitiveness in the business as growth gets harder.	1	2	3	4
55. Acquiring support from customers and its community.	1	2	3	4



56. Managing income and expenses in	1	2	3	4
the business				
57. Improving the business by bringing in new products.	1	2	3	4
58. Ensuring a growing customer base.	1	2	3	4

Thank you for participating in the study.