

A case study on the critical success factors of two small businesses in Kwa-Zulu Natal.

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Declaration

I hereby declare that the Research Report submitted for the Honours degree to The Independent Institute of Education is my own work and has not previously been submitted to another University or Higher Education Institution for degree purposes.

Abstract

In a country that has an economy that is not performing, growth of Small, Medium and Micro Enterprises (SMMEs) is often vital so as to allow the prosperity of a business. The high failure rate of small businesses in South Africa suggests that there is something wrong and overall in South Africa there is a low level of research about SMMEs (Burger, 2016). The purpose of this study is to explore the critical success factors for two small businesses in Kwa-Zulu Natal. The research applied a qualitative approach and a case study methodology as its research design. By utilizing the method of semi-structured interviews, the researcher gathered data from a sample of two entrepreneurs. Through the exploratory study of the two businesses, some common factors were found to be important for their successes, such as leadership and relationship management, quality and management of finance. However, there was a difference found between the ways they marketed their businesses. This study might give an insight into what two local entrepreneurs found to be success factors in their businesses.

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1. INTRODUCTION

1.1. Research Title

A comparative case study on the critical success factors of two small businesses in Durban, Kwa-Zulu Natal.

1.2. Background

The failure of new and existing South African businesses is an issue that has been discussed and debated for many years. According to Small Enterprise Development Agency (SEDA: 2007), South Africa has one of the highest failure rates of new SMMEs in the world, at an estimated 75%. In South Africa, SMMEs are responsible for a significant level of product innovation and have a geographically broad spread, providing a means for wealth creation in urban and rural areas (SBP Alert, 2014). Thus far the growth of the sector has been stagnant in recent years, and government's efforts to boost the sector over the past two decades have yielded inadequate results. In South Africa, SMMEs are estimated to account for over 60% of employment compared to a global average of 77% (Abor and Quartey, 2010). The high failure rate of small businesses in South Africa suggests that there is something wrong. SMMEs were chosen as the focus of this research because of its significance in the South African economy.

1.3. Problem Statement

South Africa has a high unemployment rate. The country's unemployment rate has hit a new high as 9.3 million people are now looking for work in South Africa (Menon, 2017). The Quarterly Labour Force Survey (QLFS: 2017) reported that the addition of 144,000 jobs was balanced by the growth in the number of job-seekers by 433,000. This has increased the unemployment rate to 27.7% in the first quarter of 2017. The expanded unemployment rate – including those who are unemployed and not actively seeking work, also hit a new high of 36.4% (*ibid*).

There are also high rates of illiteracy and youth unemployed, as a result people are unable to support themselves. The Quarterly Labour Force Survey (2017) noted that

of the 433,000 people who joined the ranks of the unemployed, approximately 58% were young people aged 15-34 increasing the youth unemployment rate by 1.6 percentage points to 38.6%. Unemployment has built up over many years, and each year the economy has trouble absorbing the increasing numbers, of new entrants to the matter (Altman, 2017). This was shown in the Quarterly Labour Force Survey (2016) as the unemployment rate was 24, 5 % in 2015, this increased to 26, 7% in 2016.

South Africa's stock of graduates has grown rapidly over the past years (Van Broekhuizen, 2016). According to the Quarterly Labour Force Survey (2016), there were 15 663 000 graduates in the labour force. Despite the significant increase of graduates from 2015 to 2016 into the domestic labour market, the chance of being absorbed into the workforce with tertiary education is 76.7% (Institute of Race Relations Survey, 2016), although 76,7% is absorbed, the remainder of 23,3% are not guaranteed employment. Hence, a degree at university doesn't necessarily guarantee one a job.

SMMEs play an important role in any economy. The drivers of SMMEs are economic growth, innovation and job creation (SEDA, 2007). Due to SMMEs importance in the economy, the government created a Ministry of Small Business Development, the aim of the Ministry is to ease the promotion and development of small businesses (The DTI, 2008). One of SMMEs major impacts to economy is that they contribute considerable large amounts to the gross domestic product and also help increase job creation in the country (*ibid*). Therefore, the government strives to implement guidelines, procedures, and programmes with the intention of empowering small business environment. According to SEDA, (2007) South Africa wishes to produce a sizable amount of jobs by 2030.

As outlined above SMMEs have an important role in emerging economies which, is crucial in South Africa. They provide financial and non-financial support and create a demand for the products and services (The DTI, 2008). The researcher is a business graduate, now studying an Honours degree in management and thus has an interest in a small business. Starting a business might be a viable way for the researcher to make a living and possibly even employ others, making a contribution towards the economy.

1.4. Rationale

Business ventures are making losses in the millions due to avoidable mistakes and problems (Cant and Brink, 2003). Entrepreneurs have great ideas as well as very competent employees, but unfortunately they do not have the fundamental knowledge of how to run a business (*ibid*). Furthermore Cant and Brink, (2003) state that most problems faced by SMMEs are numerous and genetic and they can also be described as being environmental, financial or managerial in nature.

According to Sunter, (2000) the SMME sector is widely regarded as the driving force in economic growth and job creation in both developed and developing countries around the world, and in particular in South Africa (Cant and Brink, 2003). The high failure rate of small businesses in South Africa suggests that there is something fundamentally wrong (Burger, 2016). And overall in South Africa, there is a limited amount of literature done within this field of study; this is one of the main reasons for conducting this research study. Therefore research into exploring possible critical success factors is important. The researcher, as well as other young graduates who want to start a business, could benefit from having a better understanding of the small business markets. The objective of this research study is to explore and understand the critical success factors of two small businesses in the Durban North area, which could potentially also be relevant in other areas of South Africa.

1.5. Research Objectives and Questions

The purpose of this study is to explore the critical success factors for two small businesses in Kwa-Zulu Natal using a case study method. The result will be a discussion of themes and patterns.

Thus the research questions are:

What are the critical success factors of small businesses in Durban, South Africa?

Sub-questions

- What factors contribute significantly to the success of small businesses in Durban, South Africa?
- What are the challenges of starting a small business in Durban, South Africa?

•How did each business compare to the critical success factors identified in the conceptual framework?

The specific objective of this research is:

To explore through comparative case study methodology, the factors that make a significant contribution to the success of small businesses in Durban, South Africa.

Sub-objectives

- To determine factors contributing significantly to the success of small businesses in Durban, South Africa.
- To determine the challenges of starting a small business in Durban, South Africa.
- To explore critical success factors of small business start-ups.
- To analyze the critical success factors from the study through a conceptual framework based on literature.

2. LITERATURE REVIEW

2.1. Introduction

This section covers the conceptualization, conceptual framework of the study, the role of SMMEs in South Africa and a conclusion of the literature review.

2.2. Conceptualization

Entrepreneurship

Entrepreneurship has been defined as “The willingness to take risks and develop, organize and manage a business venture in a competitive global marketplace that is constantly evolving “(Ofori-Dankwa and Omane-Antwi, 2015). Entrepreneurship is the key transformational driver for economic growth and job creation in South Africa; these factors need to be highly developed so there can be economic stability (The Entrepreneurial Dialogues, 2016). A successful entrepreneur makes good use of resources, takes initiative and seeks personal responsibility (Dingee, Haslett and Smollen, 1997). This study aims to explore these and other critical success factors important in small business start-ups.

Small, Medium and Micro Enterprises (SMMEs)

The DTI (2008) defines SMMEs as “A very broad range of firms, some of which includes formally registered, informal and non-VAT registered organisations”. SMMEs play an important role in the South African economy; the researcher will be looking at SMMEs to develop a better understanding of how they operate.

Critical Success Factors (CSFs)

Rockart (1979) presents one of the most frequently cited definitions for CSFs as “the limited number of areas in which results if they are satisfactory, will ensure successful competitive performance for the organization”. Thus, the concept of CSFs is the area of a business that needs particular focus to become a sustainable business.

For this study, the researcher will use previous studies to identify common critical success factors to develop a conceptual framework of CSFs as a theoretical lens to the study.

2.3. Conceptual Framework

2.3.1. Conceptual framework: Critical Success Factors Approach

It was difficult to find a theoretical framework for this study and so the approach that was taken was to develop a conceptual framework from a number of different academic sources. Hence, six academic articles that identified critical success factors were used to establish a conceptual framework for this study. The six sources that were used are Dix and Mathews (2017), Roth and Miller (1992), Mason, Jones, Benefield and Walton (2014), Vilkinas, Cartan and Saebel (2011), Simpson, Tuck and Bellamy (2004) and Bullen and Rockart (1986).

The framework was developed by setting out a comparative table summarising the CSFs from the six sources and then doing an analysis for themes to identify common CSFs. The following table presents the CSFs identified across 6 literature articles. Critical success factors have been coded in different colours to indicate common success factors across the different contexts. From the analysis of this comparative table, four CSFs were identified and explained. These four CSFs have formed the conceptual framework for the study.

AUTHORS	Dix and Mathews	Roth and Miller	Vilkinas, Cartan and Saebel	Mason, Jones, Benefield, and Walton	Bullen and Rockart	Simpson, Tuck and Bellamy
CONTEXT	Strategic planning, Ohio	Manufacturing, North Carolina	Businesses in the desert, Australia	Quick Service Restaurant, Arkansas	Management, Massachusetts	Food industry, Colonia
	Reliable delivery	Business performance	Location	Price	Competitive strategy	Achievement
	Strong service	Product quality	Availability of resources	Food Quality	Technology	Pride
	Responding to customer's needs and wants	Flexibility	Resources needed	Location	Temporal factors	Quality product
	Reduced costs	Cost	Access to finance	Cleanliness	Environmental factors	
	Solid sales and support staff	Business unit: a strategy integrated with marketing and product development strategy.	Reliable suppliers		Management	
	Utilize employees strategically	Managerial performance	Owner/leadership management			
	Understand competitor's strengths and weaknesses	Profitability	Cooperation with other entrepreneurs			
	Strategic market segmentation	Goals	Loyal clientele			

A key summarizing the common success factors:

Red	Leadership and relationship management
Green	Quality
Purple	Marketing sales and customer relations
Blue	Management of finance

The analysis of the overall evaluation of the critical success factors established that the common success factors are leadership and relationship management, quality, marketing sales and customer relations and management of finance.

Concept 1: Leadership and relationship management

Leadership and relationship management is the first common success factor. Doors open and close every day, due to the shift of the organization's resources and capabilities which leaders generally focus on a daily basis (Dix and Mathews, 2017). When an industry faces uncertainty and volatility, it is difficult for a business to change their customers or sources of income while managing the organization in the marketplace. A management team in a business displays how vital different leadership positions are to the successfulness of the venture. Vilkinas et al, (2011) indicate that a manager will need to have the ability to engage in a range of behaviours, depending on which one is applicable at that point in time. Therefore behavioural complexity is related to leadership effectiveness. Various roles and functions must be able to be carried out by a manager (Vilkinas et al, 2011). These roles and functions are all relevant to business sustainability and success. In conclusion, it is essential to understand that leadership is an essential part of effective management. As a crucial component of management, remarkable leadership behaviour stresses upon building an environment in which each and every employee develops and excels.

Concept 2: Quality

The second common success factor is having quality products. Quality is what a product can do for a customer (Mason et al, 2014). Product quality is also how well the product does what it's supposed to do, and how well it holds up over time (*ibid*). Some consumers view quality as a price point while others appreciate a product because of its genuine quality. Regardless of the various viewpoints from the public, product quality is a competitive marker for brands that affect purchasing decisions and profitability (*ibid*). Hence if small businesses can't improve product and service quality to match that of the international standards, they might have difficulty surviving in the business environment.

Managing quality is crucial for small businesses. Quality products help to maintain customer satisfaction and loyalty and reduce the risk and cost of replacing faulty goods. Companies can build a reputation for quality by maintaining a good quality (Roth and Miller, 1992). Roth and Miller, (1992) suggest that product quality mainly depends on significant factors such as the type of raw materials used for making a product, skills, and experience of the workforce and availability of production overheads. Simpson et al (2004) also outline the importance of continuously improving products to maintain customer satisfaction and attract new business. Business owners should also encourage employees to identify and report quality issues so they can be addressed immediately. Therefore, quality affects your success (or failure) in business. The importance of quality in product or service cannot be overemphasized in this global economy, especially in SMMEs. The quality of the product/service that is being made/ offered is very important to a company in whatever their service offering may be.

Concept 3: Marketing sales and customer relations

The third common success factor is marketing sales and customer relations. The aim of this success factor is to get and keep customers; this is due to the fact that the company's profits come from customers (Vilkinas et al, 2011). One of the most successful ways to maintain customers is to give what they need, not just what you want to sell them, in this marketing plays a highly vital role. By maintaining a relationship with a customer, a more effective development of loyal clientele will be achieved, this reduces competition in a business. Vilkinas et al (2011), suggests that customer relations are a direct organisational relationship with the external environments, as it entails adjusting to changes in the external marketplace and following competitor activities. This concept is considered to be important, for a company to grow, it must build strong customer relationships. Marketing is also considered to be one of the most important things a business can do. Not only does marketing build brand awareness but it can also increase sales, grow businesses and engage customers.

Concept 4: Management of finance

The last common success factor identified is finances. Having access to finance can be broadly defined as access to financial products (e.g. deposits and loans) and services (e.g. insurance and equity products) at a reasonable cost. Finances are very important for entrepreneurs as well as for businesses of all types and sizes (Dix and Mathews, 2017). The source of finances can be informal and formal. These sources vary from family members and friend to banks. Access to finance is needed to accomplish a range of goals in a business; therefore this is a suitable measure of business success. A common objective of any business is to reduce the number of expenses that occur, as these impacts the profitability of the business (Roth and Miller, 1992). Having access to finance allows an entrepreneur to explore opportunities and is essential for business development, therefore creating more jobs as an end result. Kerr and Nanda, (2009) explain that with a lack of finance, individuals and businesses would need to depend on their personal wealth. Investment and innovation are likely to take place with a lack of finance. Hence, establishing finance as a critical success factor increases the chance of a business becoming successful.

Even though critical success factors may remain reasonably stable over time, Bullen and Rockart (1986) propose that there can be some movement between CSFs and specific goals, particularly when a critical success factor reflects a challenge or setback. This means a gap in a particular area of a business may cause a CSF to be elevated into a fix-oriented goal. Alternately, a goal, once achieved, may migrate to a CSF for sustainment.

2.4. Small, medium and micro enterprises in the South African economy

A definition of SMME as provided in the National Small Business Act of South Africa of 1996, describes an SMME as “a separate and distinct entity including cooperative enterprises and non-governmental organisation managed by one owner or more, including its branches or subsidiaries if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in the Schedule and which can be classified as a micro, a very small, a small or medium enterprise by satisfying the criteria

mentioned in the Schedule” (Government Gazette of South Africa, 2003). SMMEs are seen as playing an important role in the economies of many countries, thus governments throughout the world focus on the development of the SMME sector to promote economic growth (Olawale and Garwe, 2010).

According to Van Vuuren and Groenewald (2007) in the Ntsika Annual review, in South Africa the SMME sector form 97, 5% of all business in South Africa. It generates 34, 8% of gross domestic product (GDP) and contributes to 42, 7% of the total salaries and wages paid in South Africa. However, SMMEs suffer from a high failure rate in South Africa. According to SEDA, (2007) South Africa has one of the highest failure rates of new SMMEs in the world, at an estimated 75%, therefore research into establishing critical success factors are important, as they could potentially reduce the failure rate. Failure of small businesses arises when the enterprise is liquidated or bankruptcy is declared for business reasons. One of the biggest contributors to the loss of meaningful job creation and economic growth is the high failure rates of SMMEs. There are several reasons for this fact, which can be found internally and externally. The internal environment consists of factors that are controllable by the business. The internal environment includes factors such as finance, managerial competency, location, investment in technology, cost of production and networking (Cassar, 2004). The external environment includes factors such as contractual and informational frameworks, macroeconomic and microeconomic environment, social factors (i.e. crime, corruption, and ethics), technology and the regulatory environment (Olawale and Garwe, 2010).

For SMMEs to be highly successful, the entrepreneur needs to undergo personal development, thus the entrepreneur needs to have an optimistic attitude towards entrepreneurship and training (*ibid*). Fatoki (2014) indicates that people who face failure in business at least once may learn from this previous mistake and therefore helps to improve themselves in future ventures. This suggests failure within businesses is a great learning experience for entrepreneurs; this may also bring about innovation as this causes the entrepreneur to review their failures and try to find new ways evolve from this experience.

Identification of critical success factors in these two small businesses in particular contexts is likely to add to the insight and understanding of internal and external aspects of starting a new business

2.7. Conclusion

In the literature review, the researcher defined key concepts, developed the conceptual framework of the critical success factors and SMMEs in South Africa was discussed.

This study's central questions will be answered, the critical success factors that were most often mentioned in different sources and their relationship to effectiveness and efficiency in the business. The literature suggests that critical factors that are responsible for achieving efficiency and sustainability in various businesses. It also indicates that the growth in the number of SMMEs was lower than expected due to the high failure rate. Therefore, by focusing on CSF's important for a particular context, the researcher could use this as a guideline to start up a successful business

3. RESEARCH METHODOLOGY

3.1. Introduction

This section presents an overview of the research methodology in terms of research design, research plan, data collection and data analysis methods.

3.2. Research Design

The approach to the study was qualitative. Qualitative research is concerned with “developing explanations of social phenomena” (Windridge, Ockleford and Hancock, 2009). According to Windridge et al. (2009), it is mainly concerned with the social aspects of the world, this refers to understanding the world we live in, in terms of why things are the way they are and seeks to answer questions about critical success factors in a business. Qualitative research questions often begin with how or what, so that the researcher can gain an in-depth understanding of what was going on relative to the topic (Patton, 2002; Seidman, 1998). Referring back to the research question, all the key questions and sub-questions are what and how questions. A qualitative study is more likely to obtain unexpected information, than the more structured approach of a quantitative study (Trochim, 2013). The purpose of the study was to identify critical success factors of two small businesses in Kwa-Zulu Natal; hence a qualitative study is appropriate.

This study, based on the constructivist paradigm, used a case study approach to explain the critical success factors for a business. Constructivism is based on observation and scientific study — about how people learn (Bhattacharjee, 2015). People construct their own understanding and knowledge of the world, through experiencing things and reflecting on those experiences (*ibid*). According to Bhattacharjee, (2015) most human beings usually observe and try to understand what they see and therefore each different personality will “construct” their own sense of the information. Driscoll (2000) also explains that constructivist paradigm confirms that knowledge can only exist within the human mind and that it does not have to match any real world reality. As a result, we are creators of our own knowledge. As the purpose of the study was exploratory and aimed to gain an understanding of successful businesses the constructivist paradigm is appropriate.

This study utilized a case study design. Case studies are good for describing and expanding the understanding of a phenomenon and are often used to study people (Stake, 1995). A case study can offer a refinement of understanding of the context in which small businesses operate (*ibid*). A case study was conducted to be able to create a thick description of the small businesses in order to convey what the reader would have experienced if he or she had been present (*ibid*).

Concerning the time frame of the research project, it can either be a longitudinal or cross-sectional design. Since a longitudinal design can take up to years, this type of research was excluded due to the time restriction of eight months for this study. Hence, a cross-sectional design was chosen. It allows a collection of information from a sample of a chosen group at only a certain point in time. Often, this type of research is referred to as survey design. A cross-sectional design can be completed in a few months, which is why it was less time-consuming and less expensive (Wilson, 2010; Bryman and Bell, 2007). Rothchild (2006) define deductive theorizing as “the process of reasoning logically from given statements to a conclusion. In this study, we moved from the general to specific and applied our findings. Deductive theorizing is often referred to as a top-down approach. Hence, deductive theorizing involves reaching a conclusion by using a formal structure based on a set of terms and statements (*ibid*). In this case, we referred to the building of a theoretical framework of critical success factors.

3.3. Research Plan

3.3.1. Unit of Analysis

The unit of analysis is essential to determine the degree and intensity of the research and objects being researched (Pascoe, 2014). For purposes of this research, the unit of analysis was small successful businesses in Durban North, South Africa.

3.3.2. Target Population and Accessible Population

A target population is a group of members upon which inferences are made (Pascoe, 2014). The target population for the study was companies in Kwa-Zulu Natal region. The accessible population is the population in the research to which the researcher

had access to (*ibid*).The accessible population was all small business areas in the Durban region that the researcher was able to make contact with.

3.3.3. Population

Population parameters is a quantity or statistical measure that, for a given population, is fixed and that is used as the value of a variable in some general distribution or frequency function to make it descriptive of that population(Pascoe, 2014). The population parameters were:

- ❖ Business areas in South Africa.
- ❖ All small business areas in Durban, particularly in the Durban North area.

To be able to determine the existing opinions about the subject of CSFs and in particular its impact on business sustainability, it was important to choose a sample of businessmen/women in the working environment. Participants were chosen on the basis of the type of business establishment and their current involvement within entrepreneurship (*ibid*).

3.3.4. Sampling

The chosen sampling technique for the purposes of this study was a non-probability purposive sampling. Non-probability sampling requires the samples to be gathered in a process that does not give all the individuals in the population equal chances of being selected (Pascoe, 2014).

A sampling method is a procedure for selecting sample members from a population (*ibid*). Purposive sampling was used for the study. Purposeful sampling is a technique used in qualitative research for the identification and selection of information-rich cases for the most effective use of limited resources (Patton, 2002). This involves identifying and selecting individuals or groups of individuals that are knowledgeable about or experienced with a phenomenon of interest (Cresswell and Plano Clark, 2011). In addition to knowledge and experience, Bernard (2002) and Spradley (1979) note the importance of availability and willingness to participate, and the ability to communicate experiences and opinions in an articulate, expressive, and reflective manner. The objective of the purposive sample is to focus on particular

characteristics of sites in order to make comparisons between them. The purposive sampling method was chosen as the most appropriate method for this research, as the researcher could apply her knowledge of the research problem with guidance to identify two successful entrepreneurs as the participants. It was also, according to Brink (1996) more convenient and economical than other sampling methods. A disadvantage of this sampling method was that it did not contribute to generalisation. This was expected as the study was done in the Durban North district of KwaZulu-Natal and the findings might not be the same in other regions.

The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample (Pascoe, 2014). Respondents to the study were based in the Kwa-Zulu Natal region in a small sample size. The sample size was two business owners. As the sample size is small and being a qualitative study, the researcher cannot make generalizations about the target population. The size of the sample allowed the researcher to establish a relationship with the participants which allowed trust and confidentiality between the participants and the researcher. For the purposes of the study, interviews were conducted.

3.3.5. Data Collection Method

The researcher used the semi-structured in-depth interview approach. According to Kvale (1996), an interview is “a conversation, whose purpose is to gather descriptions of the interviewee” with respect to the interpretation of the meanings of the ‘described phenomena’. Alshenqeeti (2014) indicates that a semi-structured in-depth interview is the all-important measuring tool. According to Alshenqeeti (2014), the purpose of the research interview is to explore the views, experiences, beliefs and/or motivations of individuals on specific matters (e.g. factors that influence their business success). Interviews are, therefore, most appropriate where little is already known about the study or where detailed insights are required from individual participants (*ibid*).

Brown (2001) reviewed the advantages and disadvantages of interviewing as follows:

ADVANTAGES	DISADVANTAGES
Flexibility	Time consuming
Can involve reality	Potential inconsistencies
Controlled answering order	Small scale study

The advantages and disadvantages of interviews is a clear indication of the researchers' position, Ho (2006) maintains that interviewing is a powerful way of getting insights into interviewee's perceptions. By adopting this technique the researcher was able to collect the necessary data and place herself in the participants' position, by doing this she was able to better understand the participants' viewpoint and experiences and not include any of her own predetermined opinions (Strydom and Bezuidenhout, 2014). This was a very crucial point because the main goal was to gain a deeper understanding of entrepreneurs experiences of starting a small business in terms of critical success factors.

Two participants were interviewed for this research. This study's participants were interviewed between August and early September 2017 for convenience, both of the interviews were held in the participants 'offices. The researcher collected data by conducting individual face to face interviews, both interviews lasted approximately between 40-45 minutes each. Before commencing each interview, the researcher explained fully the purpose of the research and they were made aware that participation was voluntary and that disclosure of the information would be kept confidential. With participant approval, the researcher did audio recording during the interviews to ensure accurate transcription. The researcher will also take handwritten notes during each interview, which enables the researcher to track key points to return to later in the interview or to highlight ideas of particular importance. The researcher used information from participants' websites as part of the findings.

A semi-structured question approach was used together information from some of the participants about their circumstances, experiences and views in business. There was a semi-structured interview guide used in collecting the data, a copy of which is set out in Appendix B. A uniform set of open-ended questions was used to obtain

information and participants' perceptions and experiences with collecting, analyzing, and using data for the purpose of CSFs (Alshenqeeti, 2014). Open-ended questions encouraged participants to respond freely and openly to queries. This allowed the researcher the freedom to make changes to questions in response to the progress of the interview (Becker and Bryman, 2004). Open-ended questions allowed the researcher to explore participants' experiences and views in business. This ensured room for clarification of views and allowed the researcher opportunity to probe for more information. The open-ended questions were limiting in that the interviews were time-consuming and took longer than anticipated as participants were allowed to give full details which sometimes led to new questions being asked. Follow-up questions were used to encourage participants to elaborate on or clarify a response (Denzin and Lincoln, 2000). Appendix B is the interview guide for participants which focused on the distinct objective of the study which was: the factors that make a significant contribution to the success of small businesses.

3.3.6. Data Analysis Methods

As the study was underpinned by the qualitative paradigm, the aim of the data analysis was to inductively discover the patterns of themes in the data that provided a description of observations and accounts of the participants to generate a theory. Some data were collected via audio recording and transcribed, whilst the rest the data were interview transcripts and organized into categories using thematic content analysis. According to Creswell, (2007) thematic content analysis is a method of analyzing qualitative data through identification and categorization of the main themes that emerge in the responses provided by the research participants.

Thematic analysis is appropriate for the study seeks to discover using interpretations (Mohammed Ibrahim, 2012). It allows the researcher to associate an analysis of the frequency of a theme with one of the whole content. Mohammed Ibrahim (2012) states that this will present accuracy and enhance the research's whole meaning of the research study.

The analysis was done by searching through the data collected and identifying any frequent patterns. Basically, a theme is a group of linked categories conveying similar meanings and usually emerges through the inductive process (Strauss & Corbin, 1998). The inductive process allows for themes to emerge from the data

rather than searching for pre-determined themes. In this research study, a thematic framework, made up of the study's research questions as well as issues raised by the respondents on views and perceptions that kept recurring during the interviews and analyzing the questions answered, was used to organize the data into manageable chunks for exploration. Before the actual analysis began, the researcher repeatedly read through all the transcripts data to formulate ideas about the possibilities of analysis and made two sets of copies of the data transcripts. A constant comparative method was used to analyze the data to bring out themes (Strauss and Corbin, 1998). Two sets of the interview transcripts were used. The first set of data was read through using open coding method. Each line, sentence, and paragraph that had an incident or event that was a potential indicator of a theme under the study was assigned a code (Schatzman, 1991). The second set of interview transcripts were read to add codes and refine the meaning of the initial themes that had emerged. A final coding system was generated from the two sets of transcripts read before and used in the final coding of the remaining transcripts. Each emerging theme coded in the transcripts was compared to identify similarities, differences and general patterns (Anderson, 2007; Patton, 2002). All the coding themes were drawn on knowledge connected to the study, returning to the study's questions and thinking in terms of the research objectives (Neuman, 2006).

The data were further examined to identify categories of themes and sub-themes and reorganized into groups based on patterns of similarities and differences. The main themes that emerged from the data were described and arranged to make sense of the findings. Quotations from the interviews were used in the discussions and to validate the data from the field pertaining to CSFs in small businesses.

4. Presentation and Discussion of Research Findings

4.1. Introduction

The findings begin with a narrative description of the two small businesses that were under investigation in this study. The following section describes the themes.

4.2. Narrative Description

Darren's Fish Shop¹

Darren has been in business for 40 years. He previously had opened a pharmacy, but due to changes in the pharmaceutical industry, he realized that he needed a new challenge. Hence, he closed down the pharmacy and invested into The Fish Shop. In 2003, Darren and his wife opened The Fish Shop in Durban North, as they realised the need for top quality, reasonably priced, traditional fish and chips. The start-up capital used for the business was used from the sale of the pharmacy and Darren's savings.

Some of the challenges the business has faced were theft, ensuring quality and stock control, cleanliness, time management and managing cash flow. Darren has put computerised systems into place to reduce the amount of money lost in theft and stock. It is quite a labour intensive business, they clean on a daily basis to ensure hygiene is maintained and the oil does not spread. Their emphasis on only using the best quality seafood, together with a warm friendly service created a large loyal customer base.

Being successful is about achieving a lot, becoming popular and having a lot of money. Darren's believes money is vital in everyday life and success and money cannot be separated from each other. The most significant factors that have contributed to the success of his business are maintaining relationships with customers and his entrepreneurial flair. Due to the success of their Durban North store they, together with a friend, in 2005 they opened a store in Musgrave, offering the same consistent quality, great value and warm friendly service. In 2011, joined

¹ All names and businesses in this study are pseudonyms.

by their son Mason, they opened a third store in Westville. Although there are quite a few branches, Darren has not used as many marketing strategies as he would have liked to.

The business culture formed at The Fish Shop is considered to be fair and they treat their customers, staff, and suppliers with respect and care. Through constant staff training, using only the finest ingredients and their strategy of only cooking to order, The Fish Shop has built up a reputation of being the best there is.

Nicole's Luxury Guesthouse B&B

Nicole has been in tourism and hospitality industry for more than 7 years. She previously lectured tourism and worked for two other tourism companies. Nicole saw a potential and demand in the industry and in 2011, she decided to pursue the opportunity of opening her own guesthouse. Nicole's Luxury Guesthouse B&B has six stylish bedrooms and a stunning ocean view. There is a spectacular lounge and dining room, designed with the same balance of style and comfort and the rooms flow from one to another with ease. This B&B caters to guests who enjoy the intimacy of a guesthouse or bed and breakfast, with the class and style of a 5-star hotel. Therefore, Nicole has created a relaxed environment for all her guests.

Some of the challenges the business encountered were financial problems, competition, theft, maintenance and seasonal occupancy. Initially, the guesthouse started off as being her family home which was renovated to make it conducive to a guest house, thereafter large amounts of money were spent on making the establishment one of the best guesthouses in the area and as a result, she accumulated debt. Adapting the house to a B&B as opposed to buying another establishment was a better option at the time because the cost factors would've increased tremendously. Nicole had to make several sacrifices to ensure that the business was successful.

Becoming an entrepreneur has taught Nicole many life lessons and this has contributed to her personal and business progression. The most significant factors that have contributed to the success of her business are consistency in service levels, cleanliness, location and developing strong relationships with the guests.

Nicole's Luxury Guesthouse B&B is in its search to accomplish its aim of offering comfortable accommodation and brilliant service. Careful attention is paid to each detail to make certain that her guests stay is enjoyable and unforgettable. Staff training and development plays an important role in customer service at the guesthouse. She finds that treating customers, staff, and suppliers with respect works well in maintaining these relationships.

She has used different market strategies to market her business, and also finds that making personal visits to potential clients has been the most successful way to market her business.

The following section describes the five themes that emerged...namely, 1) Investment in people, 2) Customer service and quality, 3) Types of resources needed, 4) Leadership and Control and 5) Marketing Strategies.

4.3. Themes

Theme 1: Investment in People

From the interviews, the importance of people in a start-up business became evident, as reflected in this theme. People have always been essential to any organisation because they provide inspiration, creativity, and motivation that keep an organisation alive. They provide the skills and competencies necessary to make an organisation work. Therefore they are considered a major and often the most important resource that an organisation has. When questions were asked about the factors that contributed to the success of participants businesses, it revealed that both of them had a common factor.

Darren said,

Maintaining relationships with customers is essential, although I sold the Pharmacy, customers have still remained loyal.

Nicole mentions that,

Developing strong relationships with guests has resulted in repeated business and when a guest chooses a guesthouse it is for a certain reason.

The above two quotes are about good customer relationships and the importance of these good relations with the staff was also seen to be significant to these entrepreneurs. Good strong relationships do not just happen, they require time and energy to build and maintain which these participants invested in.

Darren stated,

The staff is treated in a fair but firm manner, if a problem arises, we discuss it and sort it out in the best way possible.

Nicole said,

I treat my staff with respect. Making them feel important motivates the staff and makes the guests feel valued.

From the responses from participants, the importance of developing good relationships based on mutual respect with customers and staff should strengthen a working relationship. Demonstrating respect was essential to gaining trust in these businesses and formed the basis of their relationships. Words such as “motivate” and ‘fair but firm’ were used to describe the nature of relationships with staff and then in a similar way with their customers. The data from the study showed that the two entrepreneurs made a considerable investment in training and developing their staff as they saw this as a crucial aspect to the success of their businesses

Darren’s response was,

The manager, people who do the chemicals, or me and my wife do our staff training to ensure employees correctly follow the recipe.

And

They are my business, they represent my brand.

Darren explains that his employees have such a strong influence in his business. This is critical when customers were choosing to use this service or not. It was

therefore very important for him to enhance his reputation by communicating his mission statement and culture accurately and positively.

Nicole said,

Once in a while, I arrange for professional chefs to teach the staff on new cooking techniques and dishes.

And

I have supported a government initiative known as the Buddy Training Programme which aims to empower individuals that have a qualification in the tourism or hospitality industry and they place them in qualified establishments to gain experience.

In Nicole's business, certain employees were given government training and they brought those skills to the guesthouse and taught those skills to other staff members which brought about further skill development. Although Darren did not support any government initiatives, training was still done either by a professional, the manager or himself. By using "professionals" to train employees they were able to develop them, these professionals were able to give the employees the tools they needed to prosper in their business, as well as preparing them for the future in the best possible way. From these responses, the researcher could see that the entrepreneurs invested in their staff through workplace training to improve their skills. This indicates that these entrepreneurs were willing to advance the skills and abilities of their employees.

Theme 2: Customer Service

Customer service was emergent as an important success factor for both of the SMMEs. Exceptional customer experiences have become the norm—customers expect seamless, helpful, and deeply personal service. In order to improve operations and deliver excellent customer service, these two small businesses took on a customer-centric approach.

Darren explained that there is the need for customers to be right and to provide the fastest, most friendly service possible.

The customers always have to be right, the fastest we can go and the best quality and friendly service around.

On the other hand, Nicole said that she tries to maintain the image of the guesthouse by keeping it beautiful and modern.

We always try to make it good and modern you know.

What Nicole's response illustrates is how important it is to keep up-to-date with the latest trends and decor in the industry. Customer service and the customer experience are closely linked, Nicole achieves this by keeping to the trends. The word 'try' shows the researcher that she is making an effort to improve and keep her business going.

There were three sub-themes under customer service, namely...Understanding customer needs, Consistency, and Quality.

Sub-Theme 1: Understanding Customer Needs

The first sub-theme is understanding customer needs. These two SMMEs need reasons for their customers to buy from them and not their competitors. Knowing and understanding customer needs is at the centre of these successful businesses. Having this knowledge, enabled the two participants to use it to persuade potential and existing customers that buying their product or service were in their best interests of the customer.

Darren stated,

Because customers don't really want to wait, so that's what we are testing right now.

Nicole's response was,

I always believe that the customer is always right, sometimes when are you in a situation, you may not feel that way, you feel like retaliating, but I have

chosen to be in this industry, so I have to be understanding and just not retaliate, but rather take it as the customer is always right.

Darren spoke about the need to be fast; therefore the customer need which was identified was to provide a service which was quick and fast. However, Nicole talked about how important it is to listen to the needs of the guests and to rather hear what their needs are as opposed to providing a fast service. From the responses, the researcher has seen that understanding what the customer wants is vital.

Understanding the customer's needs is linked to customer satisfaction. Gee, Coates and Nicholson (2008) state that customer satisfaction is generally based on meeting or exceeding one's expectations. Excellent customer service helps build repeat business, create positive word-of-mouth and increase sales from new customers as a result as stated by both participants which link to the main theme (Customer service and quality).

Sub-Theme 2: Consistency

The second sub-theme about looking after customers was the importance of consistency. Both participants have indicated the need for consistency in their businesses. They have done things they have said they were going to do and consistency was a must as they built and grew their business.

Darren's response,

There are no shortcuts, good service, and good quality and sticking to the recipes.

Nicole said,

So once we find something is wrong, we fix it immediately, so when individuals return they see the consistency in the level and quality of service, in terms of the same sort of room and standards.

The way that Darren talks about 'sticking to the recipes' and Nicole talks about ensuring that standards are kept illustrate the importance of keeping consistent in what is delivered to customers. The study has identified that for these two successful

small businesses, a high level of consistency has been important as the participants indicated that consistency ensured customer loyalty and repeat business for them. The researcher has come to the understanding that consistency is reflected in the quality of the product and service offering which leads to the following sub-theme.

Sub-Theme 3: Quality

The third sub-theme is quality. Quality is critical to satisfying customers and retaining their loyalty so they continue to buy from you or use your service in the future which both SMMEs have experienced.

Darren said,

We sourced what we considered is the best product and we try to stick to that product.

Nicole stated,

There are high maintenance costs involved which require a lot of work and extra staff to ensure that the standards are up to the level.

The interviews revealed that Darren has found that it is worthwhile to buy the best quality product and then stay with that product whereas Nicole maintains a certain standard at her establishment to ensure quality in her business. These entrepreneurs have understood the role excellent customer service plays in their success. They understood that building strong customer relationships requires a consistent and ongoing effort to maintain their customer's loyalty.

In conclusion, knowing how consumers perceive service quality and being able to measure service quality can benefit management of food and guesthouse service. This will help them to identify those that have strengths and weaknesses and thereby make necessary improvements. The next theme that was identified as the types of resources needed which is theme 3.

Theme 3: Types of Resources Needed

From the interviews, the importance of resources in a start-up business became evident, as reflected in this theme. The analysis of the data pointed towards a range of types of resources that were needed for these two businesses to be successful. The three sub-themes here identify the resources namely...Emotional/Social resources, Establishing systems and Finance.

Darren's response was,

There was a small business here, so we just bought it and used various resources to get it started.

Darren's Pharmacy was situated next to the small food business, he eventually sold the pharmacy and used the capital from that sale to finance his Fish shop. He used different resources such as systems to get the business going.

Nicole said,

There were many things that were taken into consideration when I started my business.

Nicole adapted her family home to make it conducive to a guesthouse B&B rather than having to invest and taking another loan to buy another property. Nicole took the following things into consideration; family, location, the amount of labour needed for the renovations and cost factors. Both statements help show the type of resources that were available at the time and what was needed to improve business operations.

Sub-Theme 1: Emotional/Social Resources

The first sub-theme is emotional/social resources. Starting a business can be an extremely stressful venture for an entrepreneur to undertake. To maintain their sanity as well as stay motivated, both participants have had a support team that can give them inspirations and guidance as needed.

Darren said,

If something does go wrong, if people mention that our curry sauces were good, we follow that right back.

From this quote, the researcher can see that Darren maintains a consistency in his product by rectifying any problems that customers may have with their food, but also uses customers compliments as positive feedback which they have used that as a learning experience.

Nicole's response,

Guests were very excited to wear these outfits and it made the experience much better.

Nicole planned themed evenings for the guests, instead of having ordinary dinners for them. She also provided guests with outfits to suit the different themes which they could wear. Nicole's quote shows that she went the extra mile by making their stay a memorable and unique one. This resulted in repeated business for her guesthouse which links to theme two. Starting a small business was a complex process that required significant resources, not only money and materials but also time, energy and commitment from the participant.

Sub-Theme 2: Establishing Systems

The second sub-theme is establishing systems. From the many different ways of conducting business activities; these two SMMEs have come up with different sets of policies and systems to help guide their own decision-making process.

Darren explained that there is theft in his business and he solved this problem by installing an electronic system to control the stock.

There was a bit of theft which impacted the stock control, but we managed to sort that out by running a computerised system.

On the other hand, Nicole said measures are put in place to keep up with the standards of the business by having staff members fill out checklists.

Strict measures have been put in place in terms of cleanliness, every day my staffs have checklists which have to be filled.

Darren experienced theft in his business and by putting a computerised system in place, he was able to monitor what was going on in his business. Whereas Nicole did not have to purchase an electronic system but rather had her employees fill out checklists. These statements indicate the importance of having systems in place, as they measure employee performance and ensure security. These systems ensure both owners aware of what staff members are doing lets you identify mistakes before they spiral out of control. Both of these businesses were successful in this manner as they both implemented appropriate systems. The researcher has gathered that if you do not have systems for managing and controlling all these things, your business can become inefficient and waste a lot of money and time. Having these systems put in place ensures product/service efficiency, but it also requires finance which leads to the following sub-theme.

Sub-Theme 3: Finance

The third sub-theme is finance. An important element in starting a business is funding. These two entrepreneurs obtained financial resources from a variety of sources, the easiest being from the personal accounts of the company's founder. And alternatively, loans and lines of credit may be granted from financial institutions.

Darren stated,

I had savings, so I purchased the business cash.

Nicole's response,

I had to stay with family and make many sacrifices as we had accumulated quite a lot of debt and could not rent a house.

From these responses, the researcher gathered that both these entrepreneurs started their businesses very differently. Darren previously owned a pharmacy, when he sold his business he accumulated extra savings and therefore he had capital available when he wanted to purchase The Fish Shop. Whereas Nicole did not

capital readily available, this participant was young when she started her business, obtaining loans was difficult and that becomes a challenge for her. Nicole was prepared to put her heart and soul into her B&B by making family sacrifices and working long hours to get others to believe in her service.

In conclusion, to be able to efficiently maintain these businesses different types of resources were needed in these two SMMEs. The next theme that was identified was the leadership and control which is theme 4.

Theme 4: Leadership and Control

Leadership and Control emergent as an important success factor for both of the SMMEs, as reflected in this theme. Each individual enters into a business with different leadership styles, experiences, and philosophies. Leadership is an important function of management which helps to maximize efficiency and to achieve success in SMMEs. Both entrepreneurs displayed similar leadership qualities and styles.

Darren's response,

I bought The Fish Shop because I saw a potential for this type of business and I have grown and changed it quite a lot.

This quote demonstrates a leadership trait in Darren of being a pioneer, someone who saw potential/ an idea/ a visionary and took that idea and turned it into something practical by enhancing productivity and efficiency.

And

In a tough economy, people tend to contract rather than expand, thinking that's the more practical way to survive. I don't spend money foolishly, but running a business out of fear never works. The phrase 'time is money' holds true, especially for my business.

This quote illustrates a risk taker leadership trait. Darren feels it's important to bring innovative things to the menu, and this will distinguish him from his competition. The

researcher can see that by taking a risk the business could develop and grow, which further demonstrates that he is both experienced and courageous.

Nicole said,

I thought this is such huge potential and thought one day I'd like to establish my own.

And

I've dealt with extremely difficult people, so it's just taught me to be very patient and understanding.

Nicole demonstrates a leadership trait of emotional intelligence. She also took time to evaluate not only her own leadership strengths and weaknesses but also the needs and dynamics of the working environment to be successful. Nicole is not a risk taker and prefers to have a plan before executing a task or operation. While she is willing to spend time and money to create business opportunities she will not take unknown risks as she does not want to bear extra expenses.

Darren and Nicole displayed hands-on control ownership as their businesses grew. However, understanding what was going on in areas of their business was critical if they wanted to continue to expand.

Darren said,

We try to ensure that the staff sticks to the recipe because they try taking shortcuts with regard to the recipe, so we are always on that.

Nicole said,

I have considered hiring an assistant, but it is quite stressful and to fully trust someone with that duty is a bit much for me.

From these responses, the data illustrates the need for a very hands-on approach to running a small business. They both have put systems and checks in place and have to always be monitoring those, being actively involved in running the business.

To conclude, the owners of these SMMEs display leadership traits of emotional intelligence, risk-taking and being a pioneer. Running a small business comes with its challenges, but none is more challenging than determining the type of leadership a business needs. Both businesses, therefore, had a hands-on leader that was involved with their employees. The last theme was identified as the marketing strategies which is theme 5.

Theme 5: Marketing Strategies

Although this was a small theme, it was interesting to notice the two different marketing approaches that worked for these two SMMEs. Firstly, Darren believes that he is not a marketing person, as he has not been particularly good at marketing his business. He did some marketing for 6 months and only had a few new customers purchasing food from his Fish Shop.

I've never really been good at advertising and most of it was word of mouth.

On the other hand, Nicole said that,

The use of brochures and pamphlets did not work because people are no longer going for things like that. However, with the introduction of social media platforms, this seems to be the more popular choice.

Nicole was sponsored brochures and pamphlets but found that these did not appeal to a younger target market. However, she keeps them at the guesthouse as the older target market look still for these. This participant has tried different marketing approaches compared to Darren.

And

I was also able to travel overseas to market the B&B at consumer and travel trade shows.

This might be due to the differing nature of each of the businesses, one as a Bed and Breakfast and the other as a fast food business. From these responses, the

researcher was able to come to an understanding that the two businesses needed different marketing strategies

4.4. Discussion Based on the Conceptual Framework

This section of the findings is a discussion of the themes that have emerged from the initial analysis, in light of the conceptual framework developed earlier.

Concept 1: Leadership and relationship management

In the literature review, the concept of leadership and relationship management indicated that a crucial component of management was remarkable leadership behaviour, as this stresses upon building an environment in which each and every employee develops and excels. The literature review also stated that in order for SMMEs to be highly successful, the entrepreneur needs to undergo personal development.

The data from this study contributes further to this understanding and came out in theme 4 (Leadership and Control). These entrepreneurs focused on the big picture within an organization and delegated smaller tasks to their employees to ensure success within their businesses. Strong leadership was needed to ensure the correct systems were put in place, therefore helping to reduce any problems they encountered. These two participants developed their own skills, as well as employees' skills through development and training which links to the Skills development and training sub-theme. There is agreement with the conceptual framework, however, leadership behaviours were discussed in the conceptual framework and leadership traits were discussed in theme 4, this reveals a similarity in the framework.

The role of building strong and trustful relationships came out in Theme 1 (Investment in People). The researcher established a connection theme and CSF identified in the conceptual framework. These two participants understood that building strong

customer relationships requires a consistent and ongoing effort to maintain their customer's loyalty which links to theme 1 and the sub-theme (Consistency).

Concept 2: Quality

In the literature review, the concept of quality indicated having a bad product/service quality affects your company's image, sales and the customer's loyalty which is highly important for business sustainability. In the literature, Simpson et al (2004) outlined the importance of continuously improving products to maintain customer satisfaction and attract new business.

The data from this study contributes further to this understanding and came out in theme 2 (Customer service). In the case of these two SMME's, they have been successful in creating a business which provides excellent products and services with superior customer service which has resulted in customer loyalty for them. These businesses were able to ensure quality by sticking to the recipes and putting systems in place to maintain the right standard levels, therefore there is agreement with the conceptual framework.

Concept 3: Marketing sales and customer relations

In all the other themes, there is agreement about the themes, however this CSF shows that there is a difference, which is possibly linked to the actual industry each one is in – that being different industries. The other three aspects of the researcher's conceptual framework show similar characteristics between the two businesses – this one on marketing sales shows a difference which is highlighted in theme 5 (Marketing strategies).

South African's embrace fast food because it fits well with the busy pace of everyday life, and because it looks and tastes good. Marketing in this industry is continually evolving, but there are two basic strategies the industry uses to sell fast food. The first strategy is volume and visibility (Scott, 2015). Consumers don't have to hunt for fast food, it's everywhere. Fast food restaurants often appear in clusters. Although it

might seem like over-saturation, it's a basic element of fast food marketing. The access to fast food reinforces brand recognition and emphasizes the ease and convenience which are the trademarks of the food industry. The second strategy is value and affordability (*ibid*). Fast food marketing reacts to the moods and needs of customers, and while emphasizing value and affordability have always been part of the industry's overall strategy, value menus that feature items for R30 and special weekly deals are all marketing tools aimed at cash-strapped consumers. Darren has been successful in these marketing approaches.

The tourism and hospitality industry have different marketing approaches. Understanding the importance of marketing in the hospitality industry can help you get ahead and stand out in the competitive job market. Hospitality sales are different from consumer goods sales because marketers must sell tangible as well as intangible products. Because the hospitality industry is mostly made up of tourism and other experiential services, a consistent brand identity is also very important. Marketers want to ensure that brand recognition exists so that customers will use their services again and again.

Companies in the hospitality industry use various methods to develop and maintain an effective marketing plan. The first approach that marketers use for brand success is research (Rendón, Martínez and Flores, 2014). Customers choose hotels and other hospitality services for a variety of reasons. From location to facilities and perks, companies have to be sure that they're providing what buyers are looking for. The role of marketers is to identify what factors make customers choose a particular hospitality service, and this requires extensive research (*ibid*). Nicole has done this by speaking to current and former guests, monitoring customer reviews on websites and reviewing industry data. She has learned what makes a hospitality service stand out, as well as how it can be improved due to her previous experience. The second approach is awareness. If potential customers don't know about a service, they can't purchase it. That's where brand awareness comes in (*ibid*). Marketers make sure information on hotels, resorts and restaurants are easy to find and up-to-date. They can do this by buying ad space on relevant travel sites and creating an engaging website. Nicole has also been successful in this approach.

The data from this study contributes further to this understanding and came out in theme 1 (Investment in people). The importance of strong relationships with a range of stakeholders was shown in Theme 1. Customer relations was another CSF identified in the literature. The literature stated by maintaining a relationship with a customer, a more effective development of loyal clientele will be achieved, and this reduces competition in a business. This was evident from both of the businesses.

Concept 4: Management of finance

In the literature review, the concept management of finance indicated that having access to finance is needed to accomplish a range of goals in a business; therefore this is a suitable measure of business success. The source of finances can be informal and formal. These sources vary from family members and friend to banks. The data from this study contributes further to this understanding and came out in theme 3 (types of resources needed). The conceptual framework identified finance as the main type of resource that was needed, but the theme 3 revealed that establishing systems, emotional/social resources, and finance were the three main types of resources needed in SMMEs.

4.5. Trustworthiness

Trustworthiness is the key measure in qualitative research (Morrow, 2005). According to Morrow (2005), qualitative research entails the researcher taking an active role in the collection and interpretation of others' meaning making, to be credible, qualitative researchers must be good and trustworthy. Stake (1995) suggested that researchers learn to understand their research as their participants do, rather than impose their own assumptions. Trustworthiness is further divided into credibility, transferability, and dependability (Shenton, 2004).

Lincoln and Guba (2000) refer to credibility as "how we ensure rigor in the research process and how we communicate to others that we have done so". The researcher ensured the credibility of the research findings by using open-ended interview questions in order for research participants to provide detailed responses, two different participants were used in this case study. Allowing the researcher to compare the information they provided in order to identify the similarities and differences in the responses provided.

According to Van der Riet and Durrheim (2006) dependability refers to “the degree to which the reader can be convinced the findings did occur” as the researcher says it did. The researcher ensured dependability of the research findings by clearly outlining the methods employed for data collection and analysis as well as the sampling procedure used. The interviews were audio recorded and transcribed later. Permission was sought from all the respondents to audio record the interview session before beginning the interview

Interviews can be time-consuming and can also cause some level of discomfort in participants. To ensure reduced risk of such limitations, the researcher explained the expectations of the interview and research objectives to each participant; obtained their consent before commencing the interview as well as conducting the interview in a comfortable environment of the participants’ choice. This ensured the transferability, credibility, and dependability of the research. Transferability is the degree to which the findings of the research can be applied to another context (De Vos, Strydom, Fouche and Delpont, 2005). Transferability has been ensured by providing a detailed analysis of the findings so that the appropriateness of the findings can be judged by the reader to find out if they can be applied in other areas.

Time was spent before each interview to establish rapport and trust through showing interest and asking easy warm-up questions (Kirk, 2007). Permission was obtained from participants before the data collection began. The researcher ensured the privacy and confidentiality of each participant’s information by using codes instead of names, though participants did not mind using their names. It allowed the participants to be more sincere in answering questions; and enabled the researcher to observe participants’ reaction to questions asked (Bogdan and Biklen, 2006; Salkind, 2010). The face to face nature of the interviews provided the researcher with the opportunity to observe participants’ body language and non-verbal responses while answering questions. This also ensured the viability of the data as body language and actions during an interview count a lot in the validity of the information gathered (Yin, 2003; Salkind, 2010).

5. Conclusion

5.1. Introduction

This chapter brings the main findings to a conclusion, implications of findings for future practices, and ethical implications from the study are also presented.

5.2. Answering the Research Questions

The findings section described the two businesses, presented a thematic analysis and then discussed the findings in relation to the conceptual framework. Although the findings presented answered the research questions, demonstrates more explicitly how the questions were answered by first looking at the three sub-questions and then reflecting on the main question.

Sub Research Question 1: What factors contribute significantly to the success of small businesses in Durban, South Africa?

It has been demonstrated through the thematic analysis that the factors were important in contributing to the success of the small businesses were developing strong relationships, cleanliness, consistency in service levels, leadership and quality.

Sub Research Question 2: What are the challenges of starting a small business in Durban, South Africa?

The challenges that the two participants faced were competition, theft and finance, as depicted in theme 3.

Sub Research Question 3: How did each business compare to the critical success factors identified in the conceptual framework?

There were similarities as well as differences between the two businesses. Both of the businesses ensured their quality of their product by establishing systems. However, these systems were different. They also developed strong customer relations and leadership skills through training and development, the SMME's displayed a similarity in the leadership and relationship management CSF. However, they were different in that they had different marketing strategies for their businesses. For one business finance was more of a challenge, whereas the other had capital available.

Research Question 1: What are the critical success factors of small businesses in Durban, South Africa?

Through the answers to the sub-questions as outlined above, the main research question has been answered.

5.3. Implications of findings for future practices

The results that were obtained can be taken as an introduction to further studies designed to identify the causes of SMME failure, and create a more accurate model of the environment and social sector organisations and verification of critical success factors (Wronka, 2009). The research conducted aimed to not only to improve the tool of identifying critical factors, but also to look for ways to measure their impact. In addition, further studies should include larger samples in order to ensure the representativeness of the results. Theoretical development on the subject of the factors contributing to the success of businesses will require further research using qualitative and quantitative methods. Future research might focus on examining the interdependencies among all variables, thereby providing an additional test of the conclusions of the present study.

5.4. Final Conclusions

The high failure rate of small businesses in South Africa suggests that there is something wrong (Burger, 2016). And overall in South Africa, there is a limited amount of literature done within this field of study. The purpose of this study is to explore the critical success factors for two small businesses in Kwa-Zulu Natal using a case study method. The literature review was performed to aid in meeting the goals of this study. The literature utilised falls into four categories, namely: management of finance, product quality, marketing sales and customer relations and leadership and relationship management. The study is anticipated to determine factors contributing to the success of a business at a qualitative level. Based on the understanding of the problem, business owners could be advised on available strategies to ensure growth. By creating an understanding of the specific CFSs, business owners would be able to create appropriate actions to address it and improve the organisation's operation. As a result of the study, five important themes were determined. The findings of the study revealed that these critical success factors are strong relationships, cleanliness, consistency in service levels, leadership and quality. Due to the nature of the two SMME's, the marketing sales and customer relations differed.

As far as this study is concerned, many limitations were experienced with regards to data collection. Limitations of this study were the small sample size and the limited time given to collect sufficient data. This study used a sample size of two. Using more than two respondents would have resulted in more time needed to gather and analyse data. If more respondents were used during this study, results may have been more accurate. With regards to the interview process, respondents read the ethical clearance letter, signed a consent form for the interview to be conducted and recorded. The interviewee made sure that the respondents understood the aim of the study and the value of their participation. Therefore it can be concluded that the interviews and process of data collection were ethically implemented.

In South Africa, SMMEs are responsible for a significant level of product innovation and have a geographically broad spread, providing a means for wealth creation in urban and rural areas (SBP Alert, 2014). Thus far the growth of the sector has been stagnant in recent years, and government's efforts to boost the sector over the past two decades have yielded inadequate results. Through an analysis of theoretical

information and empirical results, it is possible to facilitate a better understanding of how two entrepreneurs operating in SMME's in Durban sustained success, this type of study, done on a larger scale might be able to make a contribution towards understanding entrepreneurial success in Durban, South Africa.

In terms of the success of SMME's in Durban, the following recommendations are made for the SMME owners:

1. SMME owners need to find the resources and take the time to build social and business networks;
2. SMME owners need to develop an understanding of local markets;
3. SMME owners need to maintain technological advantage;
4. Those owner-managers need to attend management development courses to enhance their knowledge and skills in terms of managing their businesses;
5. That owner-manager needs to understand the significance of marketing management. The reliance on key customers requires owner-managers to develop strong customers relationships, but also that they continually assess the state of their relationship by regularly conducting formal customer satisfaction surveys.

5.5. Ethical Implications

Louw (2014) describes research ethics as “the appropriateness of the researcher’s behaviour in relation to the rights of those who become the subject project or who are affected by it”. Some important ethical principles that the researcher paid attention to while carrying out qualitative research are informed consent, confidentiality and privacy and avoiding harm to respondents. The researcher also made sure to obtain ethical clearance from Varsity College as required by submitting the research proposal. A copy of the ethics clearance certificate is set out in Appendix E.

Voluntary Informed Consent

The process of informed consent is “designed to ensure that research participants understand what they are agreeing to do, the limits of their participation, and

awareness of any potential risks” (McCrystal, 2008). Voluntary informed consent was ascertained from the two participants. Information sheets (Appendix A) were used to provide information about the researcher, the purpose of the research, the duration of the research, how information for the study was to be collected and why they were chosen to participate in the study. For participants who had difficulty in understanding the information on the sheets and consent forms, the researcher took time to explain to them in simple terms what the information sheet and consent forms required of them. Participants were aware of their rights to voluntarily participate or withdraw at any given time (Wysocki, 2004). They were also given the opportunity to ask any questions that they had pertaining to the research and their potential involvement in it. Before the commencement of each interview, the participants were asked to sign a consent form (Appendix C), which signified that the participant voluntarily consented to be part of the study. Getting voluntary consent was an ethical principle that the researcher paid particular attention to.

Confidentiality and Anonymity

Participants of the study were assured of their confidentiality and privacy with regards to the information they provided which was to be used only for the purposes of the research study. Confidentiality refers to the researcher’s ability to keep the identity of respondents or participants anonymous in the research report but knows their identity (Wysocki, 2004).

Participants were also informed of the anonymity of quotes as well as the use of codes instead of names for all interviews and interview questions completed. Rules were employed to protect the privacy of other people during the interviews. Though participants were allowed to reveal information about others relevant to the study, they were not allowed to mention names or reveal the identities of the people they are talking about.

Avoiding Harm to Participants

The researcher ensured that participation in the research study did not cause harm to any of the participants, be it psychological or emotional harm (Schuklenk, 2004). Whilst conducting the study, none of the participants were subjected to any emotional or physical harm by the researcher. The comfort of participants was vital

throughout the data collection period. Interviews were carried within environments chosen as convenient by the participant. As suggested by Kaiser (2009) this can be ensured by keeping all information confidential and avoiding accidental disclosure. The research was open and honest about the nature of the study and informed participants that the study was undertaken as a requirement for the completion of an Honours degree. Finally, the participants were provided with information on the outcome of the research but were made aware of where to access the research report.

5.6. Limitations of the Study

The study was limited to small businesses in Durban North, South Africa; the findings cannot be generalized to other businesses. Some of the responses of the research participants could be expected to be biased by the researcher's presence during the interviews which might have influenced the outcome of the findings. This could be a limitation of the results, as it would not be a true reflection of the phenomenon under study. Also, due to the small sample size used in the study, the results of the study could not be generalized. There was also the possibility that respondents gave socially desired answers, responses that they deemed desirable but not necessarily their genuine views of business and their experiences. Thus the results of the study cannot be generalized across all companies or the larger population.

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APPENDIX A: PARTICIPANT INFORMATION SHEET

To whom it may concern,

My name is Priyanka Naidu and I am a student at Varsity College. I am currently conducting research about the critical success factors of opening small business in Kwa-Zulu Natal I hope that this research will enhance our understanding of how to run a business and to ensure business sustainability.

I will be clearly explaining to you exactly what participation in my research study will involve, which I have done below. I have listed these in the forms of questions that I will try to fully answer. If you have any questions that you feel are not addressed or explained fully in this information sheet, please do not hesitate to ask the researcher for more information. Once you have read and understood all the information contained in this sheet, please complete and sign the consent form below.

What will I be doing if I participate in your study?

I would like to invite you to participate in this research because you are an entrepreneur and have some sort of role in a business. If you decide to participate in this research, I would like to conduct one interview with you. The interview will take approximately one hour of your time. It will be scheduled at a time that it is convenient for both of us, and will take place at a location that it more convenient to you. I will be asking you questions about your experiences in business.

You can decide whether or not to participate in this research. If you decide to participate, you can choose to withdraw at any time or to decide not to answer particular interview questions.

Are there any risks/ or discomforts involved in participating in this study?

Whether or not you decide to participate in this research, there will be no impact on your work. There are no direct risks or benefits to you if you participate in this study. You might, however, indirectly find that it is helpful to talk about your business.

Do I have to participate in the study?

- Your inclusion in this study is purely voluntary;
- If you do not wish to participate in this study, you have every right not to do so;
- Even if you agree to participate in this study, you may withdraw at anytime without having to provide an explanation for your decision.

Will my identity be protected?

I promise to protect your identity. I will not use your name in any research summaries to come out of this research and I will also make sure that any other details are disguised so that nobody will be able to recognise you. I would like to ask your permission to record the interviews, but only myself and a professional transcriber (who will sign a confidentiality agreement) will have access to these recordings. Nobody else, including anybody at Varsity College, will have access to your interview. I would like to use quotes when I write a summary of the research but I will make sure that nobody will be able to recognise you.

What will happen to the information that participants provide?

Once I have finished all interviews, I will write summaries to be published in academic journals or books, or presented at academic conferences. You may ask me to send you a summary of the research.

What happens if I have more questions about the study?

Please do feel free to contact me should you have any questions about this research, or if there is anything you need to know before you decide whether or not to participate.

You should not agree to participate unless you are completely comfortable with the procedures followed. The contact details of the researcher are as follows

Yours sincerely

Priyanka Naidu

0795236974

pnaidu552@gmail.com

APPENDIX B: INTERVIEW SCHEDULE

Basic Introduction Questions:

1. How long have you been in business?

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2. What made you start your business?

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3. How did you start your business?

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4. What were the challenges in starting your business?

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.....

Business Success Questions:

5. What is your understanding of success in your business?

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6. What do you think have been the most significant factors that have contributed to the success of your business?

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7. What are the biggest challenges in maintaining/sustaining your business?

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.....
.....

Success Factor Questions:

8. How did you finance your business?

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.....

9. How do you ensure the quality of your product/service?

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.....

10. What different ways have you tried to market your business?

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.....
.....

11. What do you find works well in dealing with and maintaining relationships with customers, staff and suppliers?

.....
.....
.....

Thank you for your participation.

APPENDIX C: CONSENT FORM FOR PARTICIPATION IN THE STUDY

I, _____, agree to participate in the research conducted by Priyanka Naidu about the critical success factors in a South African business.

This research has been explained to me and I understand what participation in this research will involve. I understand that:

1. I agree to be interviewed for this research.
2. My confidentiality will be ensured. My name and personal details will be kept private.
3. My participation in this research is voluntary and I have the right to withdraw from the research at any time. There will be no repercussions should I choose to withdraw from the research.
4. I may choose not to answer any of the questions that are asked during research interviews.
5. I may be quoted directly when the research is published, but my identity will be protected.

Signature

Date

APPENDIX D: CONSENT FORM FOR AUDIO-TAPING OF THE INTERVIEW

I, _____, agree to allow Priyanka Naidu to audio record my interviews as part of her research about the critical success factors in a South African business.

This research has been explained to me and I understand what participation in this research will involve. I understand that:

1. My confidentiality will be ensured. My name and personal details will be kept private.
2. The recordings will be stored in a password protected file on the researcher's computer.
3. Only the researcher and a transcriber (who will sign a confidentiality agreement) will have to access to these recordings.

Signature

Date

ANNEXURE E: ETHICS CLEARANCE LETTER

ADTECH House
Isanda Gracere
54 Wierda Rd West
Wierda Valley
2185

P.O. Box 2366
Rensburg 2126

Tel: (011) 676 8221
Fax: (011) 783 2574

28 June 2017

Student name: Priyanka Naidu
Student number: 13016107
Campus: Varsity College Durban North

Re: Approval of Bachelor of Commerce Honours in Management Proposal and Ethics Clearance

Your research proposal and the ethical implications of your proposed research topic were reviewed by your supervisor and the campus research panel, a subcommittee of The Independent Institute of Education's Research and Postgraduate Studies Committee.

Your research proposal posed no significant ethical concerns and we hereby provide you with ethical clearance to proceed with your data collection.

There may be some aspects that you still need to address in your proposal. If this is the case, feedback will be provided to you in writing. You will need to address these aspects in consultation with your supervisor.

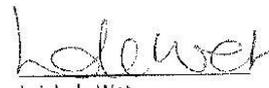
In the event of you deciding to change your research topic or methodology in any way, kindly consult your supervisor to ensure that all ethical considerations are adhered to and pose no risk to any participant or party involved. A revised ethical clearance letter will be issued in such instances.

We wish you all the best with your research!

Yours sincerely,



Amanda Cox
Supervisor



Leigh de Wet
Campus Postgraduate Coordinator

Directors: RJ Douglas (UK), JDR Oesch (non-executive), A Isaakidis (non-executive) Company Secretary: C Koopman