THE INFLUENCE OF PRIVATE AND PUBLIC FINANCE ON THE PERFORMANCE OF SMMEs IN THE FREE STATE: A CASE OF AFRO HAIR SALONS IN MANGAUNG METROPOLITAN AREA

BY

NOSIPHIWE MPITI

Submitted in fulfilment of the requirement for the degree of

Masters of Technology: Business Administration

in the Faculty of

MANAGEMENT SCIENCES

of the

CENTRAL UNIVERSITY OF TECHNOLOGY, FREE STATE

SUPERVISOR: DR P. RAMBE

NOVEMBER 2016

DECLARATION

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

_________________ 4/11/2016_________________

SIGNATURE OF STUDENT DATE

ACKNOWLEDGEMENTS

I wish to express my gratitude to the Almighty God for the strength, patience and courage he gave me in the completion of this project. **Philippians 4:13** reads “I can do all things through Christ who strengthens me.”

I am indebted to a number of people who played a significant role to my completion of this research. First, I express my sincere gratitude to my supervisor, Dr Patient Rambe, for his encouragement, the time he invested in my studies and his thought provoking ideas. Secondly, I deeply thank my family, especially, Thembekile Florence Mpiti, Nosakhele Mpithi and Thalia Mpithi, for their love, support and faith in me. Thirdly, my colleagues, friends and my study partners, who are Zukisani Mgudlwa, Siphesihle Kwaza, Vuyelwa Ciliba, Vuyokazi Ben, Thandile Majokweni, Nonhlanhla Khoza, Mamello Moeti, Kanya Mlungwana, Disebo Modise, Jafeta Reitumetse and Nomfundo Khoza for their support during the study. I also thank Mr Mosweunyane, for his guidance during this journey.

I also acknowledge the different but significant support from a number of institutions during my research. Thus, I thank the owner/managers of Afro hair salons for granting me the opportunity to conduct my research. The financial assistance of the National Research Foundation (NRF) towards this research is hereby acknowledged. Opinions expressed and conclusions arrived at, are those of the author and are not necessarily to be attributed to the NRF. I am grateful to the Central University of Technology for the opportunity to study and finance my study.

DEDICATION

I dedicate this thesis to my mother and grandmother.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ABBREVIATIONS

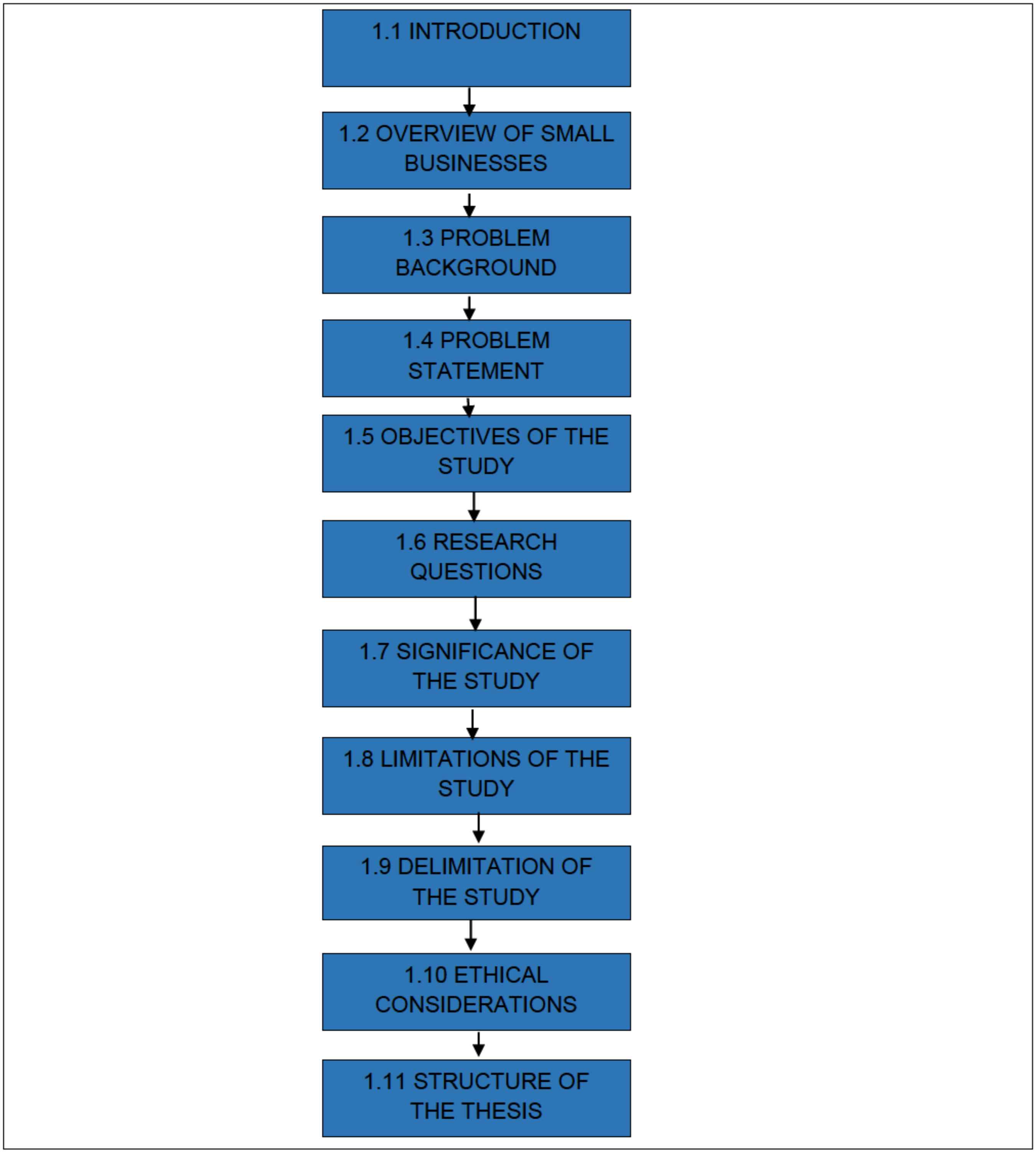
CCMC	Chamber's Centre for Capital Markets Competitiveness
DTI	Department of Trade and Industry
HR	Human Resources
HRM	Human Resource Management
IDC	Industrial Development Corporation
MSME	Micro, Small and Medium Enterprise
NASASA	National Stokvels Association of South Africa
NEPA	Ntsika Enterprise Promoting Agency
NGO	Non-Governmental Organisation
NYDA	National Youth Development Agency
OECD	Organisation for Economic Co-operation and Development
RBV	Resource Based View
ROI	Return on Investment
SA	South Africa
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SMME	Small, Micro and Medium-Sized Enterprise
USA	United States of America

LIST OF FIGURES

ABSTRACT

This study examines the combined influence of public and private funding on the growth and profitability of small, micro and medium enterprises (SMMEs) in the beauty and cosmetology industry. The study drew from an awareness of the fact that the growing body of literature that identifies finance as a major obstacle to the performance of SMMEs in developing countries tends to be indiscriminate about the nature and source of funding. The scant literature that examines the isolated influences of private and public funding on SMME performance makes the unravelling of the combined influence of these different funding sources on the performance of emerging firms a distant reality. More so, the literature on the environmental and organisational variables that mediate the funding-performance relationship in small, emerging firms remains deeply fragmented, hence the study. The choice of the beauty and cosmetology industry was informed by the fact that many hair saloon businesses are predominantly owned by foreign nationals, who frequently struggle to finance their businesses due to their disqualification from public and private funding on nationality and perceived risk grounds. The study drew on a quantitative approach and survey research design, in which 150 structured questionnaires were administered to Afro hair salon SMMEs in the Mangaung Metropolitan Area, which covers Bloemfontein, Botshabelo and Thaba Nchu. A total of 110 questionnaires were correctly completed and returned, representing a response rate of 73%. The combined influence of private and public finance on performance was established using correlational analysis to reveal the significance and size of these relationships. The findings suggest that there is a weak relationship between the both sources of funding and firm performance. Furthermore, the study revealed that most SMMEs depend on private funding, especially loans from *Matshonisa*s (i.e. individual private lenders located in former townships), community or group savings, and family and friends than public funding. The study recommends multiple interventions that broaden access to public funding, improve SMME owner/managers awareness of public funding institutions and improve financial inclusion in funding options available for SMMEs.

CHAPTER ONE: OVERVIEW OF THE STUDY



1.1 INTRODUCTION

The current study examines the status and influence of financial resources, particularly public and private funding, on the performance of small, micro and medium enterprises (SMMEs), in this case Afro hair salons in the Free State Province of South Africa. A small business is defined in South Africa as a separate and distinct business entity, including co-operative enterprises and non-governmental organisation, which is managed by one owner or manager (National Credit Regular, 2011). Afro hair salons fall under SMMEs because they are small distinct entities independently owned by one or more owners. A “salon” describes a place where hairdressing service; cosmetology or beauty service; body piercing and tattooing; or massaging services, are provided for private gain (City of Johannesburg Metropolitan Municipality, 2004).

The researcher’s interest in the influence of public and private funding on the performance (i.e. growth and profitability) of hair salons arose from the concern that most of these entities, which are predominantly owned and managed by foreign nationals, are excluded financially by public and private funding institutions for various reasons. The reasons for funding institutions’ exclusion of hair salon SMMEs include: their consideration by such institutions as high risk borrowers due to the diverse nationalities of their owners (Quaye, 2011; Maloka, 2013), lack of collateral (Badulescu, 2011; Quaye, 2011), lack of an established borrowing history (Katwalo & Mwiti, 2010; Badulescu, 2011) and the high volatility of SMME income, which makes loan repayments uncertain (Obamuyi, 2011). While SMMEs owned by local citizens may also be confronted with similar challenges, their financial situation is comparatively different from that of foreign-owned SMMEs, as public and private funding institutions prefer funding local citizens whom they consider as a lower flight risk than foreigners. These funding challenges raised the researcher’s curiosity about the potential impact of different funding sources (private and public) on the profitability and growth of these resilient but financially under-resourced and predominantly foreign-owned small firms.

While the bulk of these aforementioned challenges are already in mainstream literature (Engel & Heger, 2005; North, Baldock & Ekanem, 2010; Cant, Erdis & Sephapo, 2014), what remains obscure is the contribution of different funding sources (i.e. public and private) on the performance of such SMMEs. The contribution of different funding sources to SMME performance remains shrouded in mystery, but it is generally known from previous studies that finance has a positive influence on performance (Quartey, 2003; Zhenxing & Zheng, 2008; North et al., 2010; Fatchamps & Schundeln, 2013). This glaring ambiguity on how different funding sources influence firm performance stems from the indiscriminate treatment of public and private funding sources as they relate to business performance (Mpiti & Rambe, 2016). In other words, most business literature fails to provide a clear distinction between the exclusive contribution of public and private sources to the profitability and growth of cash squeezed SMMEs, such as hair salons (Quartey, 2003; Mpiti & Rambe, 2016). This lack of clarity raises perplexing questions about the influence of each funding sources as well as the impact of combinations of public and private funding sources on the profitability and growth of financially under-resourced SMMEs, such as hair salons. These questions deserve answers especially in view of the significant contribution of SMMEs to employment creation, income generation and the economic expansion of emerging economies, such as that of South Africa (EG, 2010; ILO, 2015). More so, an understanding of the impact of funding sources is critical as Laosirihongthong, Prajogo and Adebanjo (2014) insist that financial resources are among the prime predictors of firm performance, although they do not necessarily categorise the types of funding of various SMMEs.

1.1.1 Definition of key concepts

It is important to provide working definitions of the main concepts adopted in this study to avoid misinterpretations and lack of clarity. As a result, the concepts SMME, salon, hairdressing and cosmetology or beauty service, are defined. In this section.

Private funding - Private financing is the support provided by the commercial banks, retail banks, financial credit schemes and micro lending institutions (National Credit Regulator, 2011).

Public funding - Public financing is defined as the various means through which government intervenes to fill/close the funding gap left by private financing (Storey, 2003).

SMME – is defined by the South African National Small Business Act of 1996, (as amended in 2003), as: a separate and distinct entity including cooperative enterprises and non-governmental organisations managed by one or more, including its branches or subsidiaries, if any, is predominantly carried out in any sector or sub-sector of the economy mentioned in the schedule of size standards and can be classified as a SMME by satisfying the criteria mentioned in the schedule of size standards (SA, 2003). This shows that an SMME's qualities are having individual or small group ownership, operating in a distinct sector that is managed by at least one or more owner/managers, and falling under the schedule size mentioned in these criteria.

A salon "means any place where any or more of the following services are performed for private gain: (1) hairdressing service; (2) cosmetology or beauty service; (3) body piercing and tattooing; or (4) massaging service" (City of Johannesburg Metropolitan Municipality, 2004; Mangaung Metropolitan Municipality, 2013:20).

Hairdressing "includes, but is not limited to, any one or more of the following services: (a) Shampooing and cleansing, conditioning and treating hair; (b) chemical reformation of the hair including permanent waving, relaxing and straightening of the hair; (c) hair colouring, including tinting, dyeing and colouring by means of permanent, semi-permanent or temporary means, including the use of colour rinses, shampoos, gels or mousses and lightening by means of tints, bleaches, highlights or high lifting tints or toners; (d) hair cutting and shaping; (e) barbering services including shaving and singeing of hair; or (f) the adding to hair of natural and artificial hair and hair extensions, board work, pastiche, wig-making or the performing of any operation specified in paragraphs (a) to (e) on a wig or hairpiece to be worn by any person; or (g) trichology and trichological treatment of the hair including the treatment of abnormalities and disorders of the hair" (City of Johannesburg Metropolitan Municipality, 2004:20; Mangaung Metropolitan Municipality, 2013:20).

Cosmetology or beauty service "includes, but is not limited to, any one or more of the following services: (a) Manicure, pedicure, nail technology, or the application of artificial nails or nail extensions; (b) eyebrow shaping and plucking including the application of false or artificial eyebrows or eyelashes and tinting of eyelashes; (c) cosmetic and camouflage makeup of the face and its features, whether by permanent, semi-permanent or temporary means; (d) facial skin care; (e) removal of unwanted or superfluous hair from any part of the body by any means, other than shaving, including by means of waxing, chemical depilatories, electrical or mechanical means, whether or not any apparatus, appliance, heat, preparation or substance is used in any of these operations; (f) body piercing and tattooing for cosmetic purposes; (g) massaging; (h) body bronzing by means of ultraviolet radiation or any similar method; (i) body contouring including all forms of slimming; or (j) somatology" (City of Johannesburg Metropolitan Municipality, 2004:19; Mangaung Metropolitan Municipality, 2013:19).

1.2 OVERVIEW OF SMALL BUSINESSES

It is important at this juncture to re-cap what a small business is Thompson (2006) defines small business as any organised effort intended to return a profit through provision of small product or service to an outside group. It is clear from this definition that small business are profit oriented and generate value through provision of product or service offerings. The terms "SMME" and "SME" are used interchangeably in this study (National Credit Regulator, 2011) even though they may not mean the same this to different countries and contexts. Though as it may, the term SMME is commonly used in SA, hence will dominate this study.

1.2.1 Classification of small businesses in the United Kingdom (UK)

According to the UK's Companies Act (2006), a small company is defined as an entity that does not have a turnover of more than £6.5 million, a balance sheet total of more than £3.26 million and not more than 50 employees. A medium-sized company is one with less than 250 employees and a turnover of under £12.9 million.

1.2.2 Classification of small businesses in the United States of America (USA)

The Small Business Administration (SBA) (2016) for most industries, defines a small business either in terms of the average number of employees over the past 12 months, or average annual receipts over the past three years. In addition, the SBA defines a US small business as a concern that:

- Is organised for profit.
- Has a place of business in the USA.
- Operates primarily within the USA, or makes a significant contribution to the US economy through payment of taxes or the use of American products, materials and labour.
- Is independently owned and operated.
- Is not dominant in its field on a national basis.

The South African National Small Business Act of 1996, defines a ‘small business’ as:

> … a separate and distinct business entity, including co-operative enterprises and nongovernmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub sector of the economy mentioned in column I of the Schedule.

The same Act provides a classification of SMMEs in terms of the number of employees (see Table 1.1).

1.2.3 Classifications of small businesses in South Africa

Table 1.1: National Small Business Act 102 of 1996 as amended in 2003

Measure	Micro	Very small	Small	Medium
Number of employees	Less than 5	Less than 20	Less than 50	Less than 200

It can be inferred from Table 1.1 that the classification of a business entity changes depending on the number of employees. More so, the size of the work force is normally reflective of the growth of the business because no business emerges as a large entity overnight. It can also be inferred from the same Table that the larger the business, the brighter its path towards formalisation or the higher the chances of it becoming formalised.

In the South African classification, there are industry differences in terms of number of employees. For example, in the agricultural sector, small businesses have less than 120, whereas in the construction sector, they should have less than 200 employees. Drawing on extant literature, the current study defines small businesses as ***owner-managed enterprises that are characterised by limited growth, lack creative power, and are survivalist in nature***. For instance, Afro hair salons often employ less than 20 employees, are often headed by owner/managers and have limited prospects of growth.

1.3 PROBLEM BACKGROUND

1.3.1 Obscure and selective approach to the contribution of funding sources

The role of funding in improving the performance of SMMEs is inexorably complex to grasp. Mainstream literature's failure to provide a clear distinction between the exclusive contribution of public and private sources to the profitability and growth of SMMEs, such as hair salons, obscures the contribution of each funding source to the performance of

SMMEs (Quartey, 2003; Mpiti & Rambe, 2016). More so, when attempts are made to distinguish public from private funding of SMMEs, mainstream literature adopts an “either” (public) “or” (private) funding scenario, which fails to adequately acknowledge the possibilities of consolidating public and private funding combinations (Dieden, 2007; Demacon Market Studies, 2010; Perks & Austin, 2013; Fredericks, 2014). A study conducted by Dieden (2007) to investigate the link between the boom of SMMEs in South Africa and the availability of electricity and telephone infrastructure emphasises the role of public finance and the coordination of efforts between the government institutions as instrumental in the economic development of SMMEs. Dieden’s (2007) study, however, ignores the role of private funding, thus putting its contribution to SMME success into obscurity. Literature claims that the lack of equity capital investments (i.e. private financing at individual levels) in Afro hair salons makes these businesses more dependent on sources such as bank lending and other types of financial support (Beck & Demirguc-Kunt, 2006; Kraemer-Eis & Lang, 2012). Thus, a selective approach that foregrounds only one financial source and negates the other, complicates the generation of a complete picture of the way in which different funding sources contribute to the success of informal and quasi formal SMMEs. Therefore, this study seeks to examine the impact of the combination of public and private funding on the profitability and growth of small businesses especially hair salons.

1.3.2 Rationale for the private-public funding distinction

Financial resources are important to every business and business owners or operators as they are used to acquire other resources in a business (Rwigema & Venter, 2004, Brinckmann, Salomo & Gemuenden, 2011; Lochner, Stinebrickner & Suleymanoglu, 2013). As a result, the importance of distinguishing the contribution of each source to firm performance as part of the businesses’ competitive and survival strategy should be underscored (Badenhorst-Weiss & Cilliers, 2014). The fact that the goal of every organisation is to maximise business value for its shareholders, while the task of financial management is to optimise profitability for an organisation (Zhenxing & Zheng, 2008), demands that a business should be prudent in its selection of the combinations of public and private funding options. This is because any business should not borrow from any sources, especially in view of high loan repayments (the financial resources of which an emerging business may not have), or if the return on such an investment (in this the borrowing) is not worth it. As such, Laosirihongthong et al. (2014) state the importance of understanding the relationship between the available financial resources and the performance of SMMEs. This is because financial resources are the life blood of an organisation's operations and activities, such as support systems, human resources operations, technology acquisition, marketing and investment decisions.

1.3.3 Ambiguity of public funding systems

This study's preoccupation with funding options also stems from the ambivalence about what constitutes public funding for SMME development. For instance, although lack of government funding is highlighted as an obstacle to the local growth of most hair salons, the nature of such funding, whether financial or in the form of business skills, is never clarified in most studies. Mbonyane's (2006) exploration of factors that lead to the failure of small businesses indicates that the nature of government funding has been the complicated focus of much small business discourse and there is an accusation that government funding has been piecemeal and lacking coherence. It is also argued Mbonyane's (2006) that there has been limited financial and business funding, a lack of coherent policies and procedures, and the multi-agency requirements for funding have done little to assist small business.

1.3.4 Invaluable contribution of SMMEs and access to funding

The debate on the ideal combinations of funding sources should be considered in light of the contribution of SMMEs to the growth of developing economies and the integral role of finance in that process. Small, micro and medium enterprises (SMMEs) play a key role in economic development and make an important contribution to the creation of employment (Harash, Fatima & Essia, 2013; Harash, Al-Tamimi & Al-Timimi, 2014). Hence, financial access is important for SMMEs' growth and development. Yet access to financial services remains a thorny issue for most SMMEs' growth and development (GPFI, 2011), even though private and public financing is considered desirable for improving SMMEs' performance (Beck & Demiguc-Kunt, 2006; Mohd Shariff & Peou, 2008; Nawai & Mohd Shariff, 2010; Cecchetti & Kharroubi, 2012).

1.3.5 Public funding mechanisms: a historical overview and associated challenges

In an effort to address the private and public financing challenges facing SMMEs in South Africa, the government, through the Department of Trade and Industry (DTI), established several institutions to help SMMEs gain access to finance for both start-ups and growth purposes. These institutions, which include the National Youth Development Agency (NYDA), Small Enterprise Development Agency (SEDA); Small Enterprise Finance Agency (SEFA) and the Department of Trade and Industry (DTI), have a mandate to provide direct financial support, business skills training and interactive tools to SMMEs. The effectiveness of these institutional interventions in addressing challenges of access to private and public financing SMMEs remains debatable (Mazanai & Fatoki, 2012). SMMEs still face obstacles with regard to accessing finance, whether it is private funding or public funding. The current study, therefore, being aware that the lack of financing is a common feature of research on problems facing entrepreneurs in both developing and developed countries, concentrates rather on the dynamics of the representation of different funding sources in literature.

The current legislation that regulates the consumer credit market dates back to the late 1960s and early 1980s, a time when the black working class majority had limited access to credit. A severe lack of access to credit for capital accumulation and productive use prevented the black majority from investing in housing, education and business opportunities. Therefore, it is not coincidental that before multi-racial democracy, a majority of black South African entrepreneurs were concentrated in spaza shops, shoe repairs, street vending and low capital intensive small businesses. However, the late 1980s and early 90s witnessed an increase in the availability of credit provided by furniture and clothing retailers to black South Africans (Department of Trade and Industry, 2003). Nonetheless, the people's business options were limited and the finance provided was inappropriate for many of the most pressing needs, such as finance for business start-ups. Furthermore, the loans provided were of a very short-term nature and inappropriate to finance real asset accumulation by black households (e.g. housing loans remained inaccessible), and hence did not address the primary need for increased enterprise finance.

The revised Exemption Notice of 1999 and the creation of the Micro Finance Regulatory Council improved consumer protection. Both legal and policy interventions were important milestones for the South African blacks in view of the discomforting reality that banks had historically refused to consider their assets, such as ownership transfer of rental housing and the government's housing programme, as collateral. This legacy had meant that black peoples' could not be used as collateral, and as such they were unable to gain access to any form of private and public financing, apart from unsecured short-term loans which had very high interest rates (Department of Trade and Industry, 2003).

Financial challenges of foreign owned SMMEs include the lack of proper identification and failure to meet business regulations such as registering the business and the absence of financial records. The other challenge is the lack of a permanent address as the business premises shifts consistently. According to Mambula (2002), small foreign-owned businesses consider procedures for securing business loans from banks to be cumbersome, and the collateral demanded for such loans as excessive. To the contrary, banks defend their behavior by noting that most small firms that apply for loans do not conduct credible feasibility studies or craft logical business plans, as a basis for their application for loans. Furthermore, many entrepreneurs do not even have bank account, a condition for advancing a loan to an applicant. To further compound the problem, the process of protecting a bank against loan default is lengthy and complicated. Banks also complain that entrepreneurs are unwilling to acquire formal training in operating a business.

1.4 PROBLEM STATEMENT

Several studies have identified finance as a major barrier to the survival of business (Zhenxing & Zheng, 2008; Fatoki, 2014; Laosirihonthong et al., 2014), but their assumptions, which associate low financial capital with poor performance, tend to avoid the complex relationships between different funding sources (private and public financing) and SMME performance. It is a challenge to obtain literature that directly links private and public financing to small firm performance (Fafchamps & Schundeln, 2013). However, it is generally accepted that if SMMEs cannot find enough funding to sustain their enterprises, then business opportunities available to them will be seized by other enterprises. The problem of most SMMEs is failing to access public funding as a result of information asymmetries and high interest rates of private retail banks and *matshonisas,* which constrain access to private funding.

The aforementioned obscurity of the funding-business performance relationship is further compounded by failure to explain how large corporations with large capital outlays also fail to perform well (Duan, Xiaojie Han & Yang, 2009; Kaufman, 2013; Labonte, 2015), notwithstanding the hypothesized positive correlations between financial resources and business performance (Harash, Al-Timimi & Alsaadi; 2014; Rahim & Bakar, 2014). In view of this blurred picture, few studies conducted in South Africa have attempted to capture the complexity of the relationship between the financial resources and business performance of Afro hair salons (Amoakoh, 2012; Mosweunyane, 2013). These limited studies emphasize that marketing strategies and financial record keeping influence the financial performance of hair salons (Amoakoh, 2012; Mosweunyane, 2013) and fail to consider the way in which different funding sources and combinations shape the performance of such SMMEs, the focus of this study. The unavailability of literature on the combined influence of private and public funding on the performance of SMMEs, especially afro hair salons, presents an opportunity for a systematic investigation into this matrix and also the building of literature on the funding and performance relationship. The problem, therefore, is the lack of comprehensive knowledge on the combined influence of public and private funding on the performance and sustainability of SMMEs, especially Afro hair salons.

1.5 AIM OF THE STUDY

The aim of the study is to contribute to the emerging body of literature, policy and practice on the impact of financing on firm performance. Eresia-Eke and Raath (2013) demonstrate the value of developing some deep insights into the SMME finance-performance relationship by arguing that the business entities can perform well owing to the provision of required finance and well qualified individuals to manage this important resource and actively participate in business decision making. Similarly, Harash, Al-Timimi and Alsaadi (2014) contend that our limited understanding of the impact of finance on performance has led to business growth challenges. Kamunge, Njeru and Tirimba (2014) also bemoan the absence of comprehensive knowledge on how financial resources shape the performance of small business entities, which they claim has compelled SMMEs to rely on self-financing, borrowing from friends/family and high cost short term finance. Thus, the extension of the body of literature on SMME financing is important because there is a lack of literature that links private and public financing to performance and the purpose of this study, therefore, is to fill this research gap.

Some insights into the economic value of different lending options and different combinations of private and public finding could be instrumental in SMME owner/managers making prudent and productive borrowing choices that guarantee the survival of their businesses. Zarook, Rahman and Khanam (2013) argue that SMMEs have suffered financially due to failure to make smart choices about sustainable borrowing and financial management. By the same token a financially literate SMME consumer of financial product offering is positioned to negotiate better credit facilities and a better repayment plan. This may also contribute to the relaxation of lending policy requirements, reduction on the interest charged on loans and improve access to financing for SMMEs.

1.6 MAIN OBJECTIVE

The main objective of this study is to determine the nature of public and private funding sources for Afro hair salons in the Mangaung Metropolitan Area (MMA) and their impact on the performance of these firms.

1.6.1 Sub-objectives

1. To explore the composition of private funding (i.e. in terms of working and start-up capital) of Afro hair salons in the Mangaung Metropolitan Area (MMA).

2. To explore the composition and combinations of public funding employed in hair salon financing in the MMA.

3. To ascertain the impact of private funding on the quality of human resources of Afro hair salons in the MMA.

4. To determine the impact of public funding on the level of technology acquisition of Afro hair salons in the MMA.

5. To determine the level of training of employees in Afro hair salons in the MMA.

6. To establish the influence of public and private funding on the growth of these Afro hair salons.

7. To establish how public and private funding influences the profitability of these Afro hair salons.

1.7 MAIN RESEARCH QUESTIONS

What is the nature of the public and private funding of Afro hair salons in the MMA and their impact on the performance of these firms?

1.7.1 Sub-questions

1. What is the composition of the private funding of Afro hair salons financing (in terms of their working and start-up capital) in the MMA?

2. What is the composition and combinations of public funding employed in Afro hair salon financing in the MMA?

3. How is the impact of private funding on the quality of human resources of Afro hair salons in the MMA constituted?

4. How is the impact of public funding on the level of technology acquisition in Afro hair salons in the MMA constituted?

5. How is the level of training of Afro hair salons employees constituted?

6. What is the influence of public and private funding on the growth of Afro hair salon businesses in MMA?

7. What is the influence of public and private funding on the profitability of these Afro hair salons?

1.8 SIGNIFICANCE OF THE STUDY

It is envisaged that this research will provide some rich insights into how the Government of the Republic of South Africa can make some more informed policy decisions and choices on micro/lending to hair salons and SMMEs in general. An in-depth understanding of the combinations of funding that optimise SMME profitability and growth would be instrumental in the public and private lenders' provision of appropriate bundles of financial options to needy, cash strapped SMMEs (OECD, 2015). In the same breadth, the public–private finance combinations, including the recommendations from this study, will illuminate SMMEs' borrowing choices and avert choices with hidden costs (Duan, Han & Yang, 2009). These critical decisions are fundamental to the development of innovative financial strategies in SMMEs as they have limited resources to conduct market research of their own on these matters.

The increased prospective financial support to such businesses may help them turn their business propositions into attractive investible opportunities (Nassr & Wehinger, 2015). It is envisaged that the increased knowledge generated by this study on the combination of private and public funding will provide a diversified range of funding options and contribute to the increased productivity and performance of SMMEs. Harash, Al-Timimi and Alsaadi (2014) state that access to finance is essential to the performance of any business. This is because finance is the life-blood of any business enterprise and no enterprise can survive without enough funds for working capital, fixed assets investment and the employment of skilled employees. Therefore, the availability of finance is positively associated with productivity and the performance of the business in terms of growth and profitability.

1.9 LIMITATIONS OF THE STUDY

The conducted survey was limited only to the Afro hair salons owner/managers and in exceptional cases their employees, which makes the findings from the current study a reflection of the views of these participants and excludes those of non-participants. De Vos and Strydom (2005) recommend a minimum sample size of 100 participants as the baseline for generating credible statistical analysis from a population of 500 respondents. Therefore, the 110 respondents of this study can be considered as sufficient to generate robust statistical analysis on hair salon owner/managers in MMA.

The second limitation relates to limited generalisation of the findings due to the limited geographical scope of the study. While one may not generalise about all hair salon SMMEs in South Africa, the researcher is confident that the study can make some cautious generalisations about Bloemfontein, Botshabelo and Thaba Nchu as the sample size was sufficiently reflective of the population. De Vos and Strydom (2005) suggest that a sample of 20% for a population of between 200 and 500 is sufficient to make generalisations about this population.

The last limitation of this study pertains to the way a few Afro hair salon owner/managers mistook the researcher for a competitor who was trying to clandestinely find out some information on their dealings. This was later resolved by the provision of a letter of clearance from the researcher's university which clarified the purpose of her study and intended outcomes of her investigation. The letter together with the researcher's clarification was deemed sufficient to remove misgivings from the respondents.

1.10 DELIMITATION OF THE STUDY

The study focus was limited to the Afro hair salon businesses in the MMA in the Free State Province. This geographical area was deemed to have a concentration of such businesses that could be studied with a limited budget without the need to overstretch the researchers' meagre income base. More so, Bloemfontein is a relatively smaller city compared to Johannesburg and Cape Town and as such most of its hair salons are easily accessible by an automobile without the help of research assistants. Nonetheless, large enterprises (that is those with over 200 employees according to the South African National Small Business Act 102 of 1996) were excluded because they had transited informality and were probably not struggling to access both private and public financing. However, there were very few of hair salons which qualified this large enterprise description. Since the sample size of the study was 110, it limits the researcher's generalizations of the findings to the study population exclusively.

1.11 ETHICAL CONSIDERATIONS

The researcher ensured that the research was conducted in the most ethical way. Firstly, the privacy and anonymity of the respondents was ensured. As a result, the researcher made sure that the research report did not bear reference to individuals' details such as names, residential addresses and contact details or those of the organisations (Leedy & Ormrod 2005). The reporting of the results was conducted in aggregate form to protect the identities. Similarly, participants' privacy was respected (Salkind 2007) by administering the survey at the times considered convenient by the respondents and not interfering with their normal business or private lives. Informed consent was solicited and obtained from the participants, who also participated voluntarily in the study. Furthermore, the purpose of the research and average duration of completion of the questionnaire were clearly stated to the respondents. Finally, the participants were informed, before their participation that, no economic benefits would accrue from their participation in the research. These ethical issues are elaborated in Chapter 3.

1.12 STRUCTURE OF THE THESIS

Chapter 1 introduces the study and outlines issues such as the problem statement, research objectives and the significance of the study.

Chapter 2 reviews literature on the influence of private and public financing in the performance of SMMEs. The chapter also articulates the different combinations of private and public financing.

Chapter 3 outlines the research methodology adopted in this study.

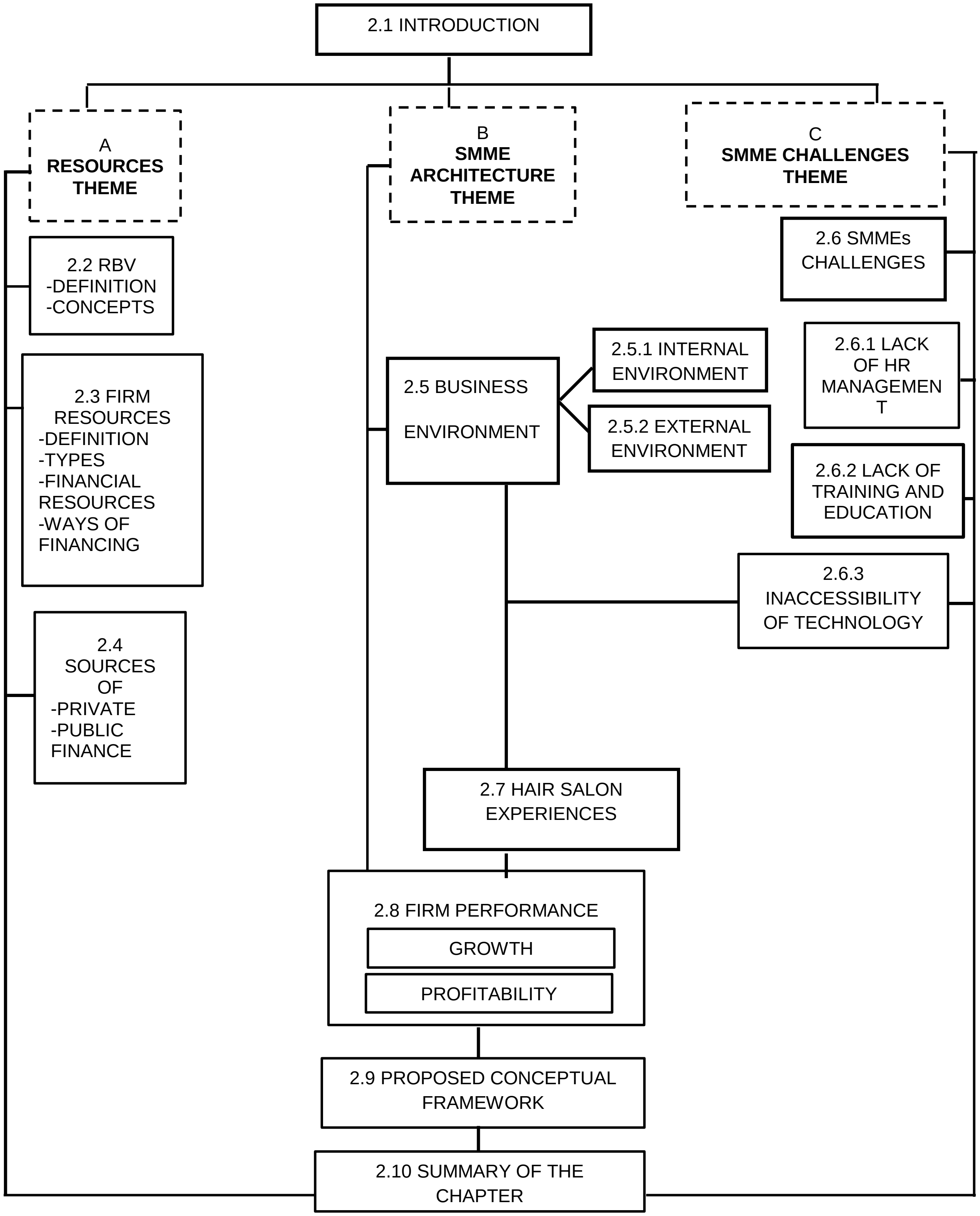
Chapter 4 analyses data, and presents as well as discuss the results of the study.

Chapter 5 presents recommendations and conclusions.

1.13 SUMMARY OF THE CHAPTER

This chapter presented an overview of the study, outlined the problem statement, research objectives, and contribution of the study as well as its limitations. The following chapter reviews literature on public and private funding and performance.

CHAPTER TWO: SMMES' FUNDING SOURCES, BUSINESS ENVIRONMENT AND FIRM PERFORMANCE



2.1 INTRODUCTION

This chapter reviews literature on private and public financing and the performance of SMMEs. The literature review serves as a point of departure to understanding the relationship between different sources of financing and the profitability and growth of SMMEs. It also provides the foundation for a discussion on the combined influence of public and private financing on the performance of SMMEs. Thus, the literature review covers three main themes, which are: Resources for SMMEs (A), Architecture of SMMEs (B), and SMMEs challenges (C) as shown in the preceding flow diagram.

2.2 RESOURCE-BASED VIEW

The resource theme can be perfectly understood from a Resource-based view perspective. The Resource-based view (RBV) focuses on the importance of owning rare, unique and valuable resources as the sources of sustainable competitive advantage (Kurtulus, 2014). There, however, is no consensus in management and entrepreneurship literature on what constitutes these resources because firms have the tendency to emulate the business strategy and practices of leading firms in particular industries. Kurtulus (2014) argues that there is agreement that resources such as technology, human resource processes and material resources can be exploited to the advantage of a firm's rivals. The Resource-based view suggests that a firm's strategic orientation and configurations, which are geared towards the development of the company's competitive advantage and better performance, depends largely on the nature of the resources that this entity possesses (Roxas & Chadee, 2012). This view is not essentially about inimitable resources per se, but rather the choice and combination of resources adopted in the company's strategy in an effort to maximise value for its shareholders and to dominate the market. The resource based-view focuses on firm performance is a key outcome variable (Mahasi, Awino, Pokhariyal & Ombaka, 2013) of an effective application and deployment of different resources and capabilities. SMMEs, such as hair salons, depend on financial, intellectual, informational and technological resources and capabilities for their competitive advantage. While these resources may be available to all firms, corporate value may probably lie on the depth of the complementarity of these resources and through developing appropriate combinations of resource bundles (Morris, Snell & Wright, 2005; Garcia, Lessard & Singh; 2014). Overall, a firm's survival depends on its ability to create new resources, build on its capabilities platform, and make the capabilities more inimitable to achieve competitive advantage (Foon, 2011). The survival of small firms depends on their capacity to create new financial resources or explore new funding options to survive in a hostile competitive industry.

Flore (2003) points out that RBV highlights the firms' resources as the most important factors for improved competitive advantage and better business performance. The resource based view has been used in marketing literature to understand the interaction between marketing and other functional capabilities and their effects on performance (Wantao, Ramakrishman & Prithwiraj, 2014). Since, marketing is a facet of the business operations, there is scope to assume that the RBV has some resonance with the financial resourcing and management aspects of the firm. This is because financial resources are the lifeblood and nerve centre of any functional businesses, and hair salon businesses are no exception.

2.2.1 The elements of RBV

2.2.1.1 Resources

Resources are defined as the tangible and intangible assets of a firm and these can be technological, human, physical or reputational (Hadjimanolis; 2000). Technological resources include the sophistication of hardware and software, technological processes and the technological competencies of the firm's personnel. Human resources cover the human competencies (the stock of accumulated business knowledge, skills and abilities), expertise and experience of personnel, such as that, in the case of this study are hair salon employees, bring to bear on the business operations. Financial resources comprise personal savings, equity, loans and credit schemes that can be acquired from private or public institutions.

2.2.1.2 *Capabilities*

Capabilities refer to the firm's structures and managerial skills that form a firm's practices that will lead to its competitive advantage in the long run (Hadjimanolis; 2000). Hadijimanolis (2002) and Acosta, Palacios and Loukis (2011) define dynamic capabilities as the firm's ability to build a resource base, take part in value creating activities and demonstrate an awareness of rapid changes that happen both in the internal and external environments. Hair salons can build their resource base through considering diverse sources of funding from the public and private sector, acquiring a highly competent staff that possesses multiple perspectives on the business environment and encourage their staff to undergo training to better their skills.

There is also innovation capabilities, which are defined as a set of the firm's characteristics that support and assist the strategies in the enterprise and create a division of the dynamic organisational capabilities (Hadjimanolis, 2000; Acosta et al., 2011). A hair salon is considered innovative if it demonstrates the ability to introduce new business strategies and techniques that will provide new or radically transformed services and products, as well as provide improved services in the value chain to exceed its client base' expectations.

Capabilities are "conceptualised and categorised as inter alia, organisational skills and collective learning, core competencies, resource development competences, organisational integration, strategic decision making and alliance building, product development, relationship building and informational and technological capabilities" (Ismail, Rose, Uli & Abdullah, 2012:154). Ismail et al (2012) postulate further that an enterprise that has good strategic manufacturing practices and integration, and a sound distribution of resources and capabilities, is considered as having attained a competitive advantage and likely to perform better than its competitors. Therefore, knowledge is a crucial factor that leads to improved job performance and ultimately result in a competitive advantage. In addition, organisational capabilities are considered as the most important factor in the firm's approach and their effective exploitation also dependent on the availability of funding.

Pergelova and Angulo-Ruiz (2014) state that acquiring and interpreting resources from an external organisation and coordinating them can enhance organisational capabilities and lead to improved financial and business performance. Thus, hair salons in the Free State, which are a "one man show" directed by the owner manager, have no formal organisational structures and such businesses tend not to keep records of their transactions. Yet, a formal organisational structure, evidence of record keeping and proper financial management are all integral to the acquisition and effective utilisation of financial resources by emerging businesses.

2.2.1.3 Knowledge-based resources

Knowledge-based resources are in the form of skills, such as technical skills. They allow enterprises to respond and adapt to changes and challenges that are connected to the ability to innovate (Hadjimanolis, 2000). The information society demands a current knowledge of knowledge-based resources in order to improve the skills of employees and those of emerging firms, such as hair salons (Acosta & Cerdan, 2008). For small businesses, such knowledge-based resources may not only reside in the competency and skills base of employees but also the owner/manager's knowledge of cheaper sources of debt and equity financing.

2.2.1.4 Competencies

Competencies include resources that help the firm to differentiate themselves from their competitors and it is often argued that "resources and capabilities is assumed to lead to competences" (Hadjimanolis, 2000; Ferreira, Azevedo & Ortiz, 2010:6). In addition, Hadjimanolis (2000) outlines the principles of the RBV as: uniqueness; learning aspect; inimitability (or at least limited imitability); interaction of resource clusters;

complementarity of resources and the time dimension of resource accumulation (path dependency).

2.3 FIRM RESOURCES

Firm resources are considered as one of the most important determinants of managerial action (Saji, 2013). The resources are defined as assets, knowledge, and capabilities these are also dependent on availability of resources controlled by the firm and organizational process, which enable the firm to regard and implement strategic decisions (Mahasi, Awino, Pokhariyal & Ombaka, 2013). Although this definition is informative toward an understanding of the bundle of resources that a firm has access to and control over, it seems to negate those resources external to the firm, such as technology transfer or acquisition, which have a bearing on the firm. Technological developments may not always be a consequence of a firm's authorial influence but may be the result of external circumstances that have a direct bearing on firm activities. Ruzzier and Ruzzier (2015) define firm resources as the structure, processes and systems in a firm, which authorise the flow of information and training that motivates employees within the organisation. In the case of hair salon businesses such resources include public and private funding, employees' expertise on hair styling, dying, cutting and braiding hair, and human resources policies such as the recruitment processes, compensation systems, financial structures, management systems and the work culture and skills of employees within the organisation.

Intagible resources includes planning, reporting structures, controlling and funding etc. Firm resources can be tangible and intangible resources. The intangible resources include organisations' reporting structures; planning, controlling and coordinating systems; and relations between groups within the firm and between a firm and those in its environment (Mario & Heiko, 2013). Nevertheless, the size of the hair salon compels employees of this business to report to their immediate managers or directly to the owner of the business. Ideally, this organisational set up often results in quick decision making on financial and human resource matters, and improves the chances of the dynamic uptake of innovation within firm as well as improve performance. The controlling and coordinating systems tend to be centralised in the owner/manager, which may undermine collective decision-making on resource allocation (Friebel & Raith, 2006). The challenge is that coordination through centralised decision-making about funding requires a combination of information from owner/managers and employees for the business to succeed. The SMME owner/manager's authoritative and unilateral decisions may compromise the success of the business. Mario and Heiko (2013) also state that firm resources encompasses the management systems, attitudes, personal relations developed and adopted by the firm, internal communication, social networks, managerial support and team diversity. Relations in the hair salon businesses tend to be personal as the owner/managers build social relationships with their clients through their interactions with customers.

Ruzzier and Ruzzier (2015) state that the management systems, employee skills and routines are the most important resources needed to reach and provide great levels of services to the customers. Hair salons often rely on a coaching management style in their bid to provide the quality of their customer service. They also need to acquire highly skilled employees in order to provide better services and respond quickly to customers' product and service needs. It can be interpreted that managerial systems, which are indeed crucial for the functioning of all SMMEs, are insufficient for the attainment of superior service. The organisational processes and systems need to cohere with the managerial styles to give effect to superior SMME performance. Overall, the elaborate nature of management systems, the skills base of employees and quality of service are all influenced by the financial base of the organisation, without which all are bound to crumble.

2.3.1 Types of firm resources:

2.3.1.2 Asset

An asset is defined as a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow (Berry, Von Blottnitz, Cassim, Kesper, Rajaratriam & Van Seventer, 2013). Berry et al. (2013) also state that the resources that are controlled by the enterprise do not necessarily have to be in physical form and finance is one such intangible resource. More so, the future economic benefits that are expected from the assets have direct or indirect capacity to influence the cash flow of the enterprise. By acquiring private and public funding and deploying such funding competently to fulfil the enterprise operations, a business can derive these direct and negative benefits and increase the long term sustainability of the business.

2.3.1.3 Knowledge

Knowledge is that resource that has a strategic value, which can be created, learned and applied within the enterprise and also between different enterprises (Singh & Power, 2014). The two authors also posit that knowledge is a resource that promotes a competitive advantage, has a different characteristic of being an intangible resource, and has capabilities that are unique and appreciated. Thus, knowledge can be employed as a strategy to assist in managing the enterprise.

In addition, knowledge in the enterprise is recognised as the creation and innovation that is learned though the interaction between the individual employees and communities of employees in the organisation (Larsen, 2001). Thus, having various sources of knowledge helps to grow the knowledge of an individual firm and establish networks that enhance the firm's competitive advantage (Singh & Power, 2014).

2.3.1.4 Organisational processes

Organisational processes are systematic series of actions, operations, or series of changes, which are directed at a given end (Bandor, 2007). According to Burke and Bradford (2005:12), an organisational process is a set of development where a system wide process of planned change is aimed towards improving the overall effectiveness of an organisation. The hair salon industry assigns roles and responsibilities to employees who use appropriate tools and equipment to execute tasks, and engage in activities that lead to customer satisfaction, business growth, and profitability.

2.3.2 Financial resources

Financial resources are assets that can be easily converted into cash (Van Aardtel, Van Aardt, Bezeuidenhout & Mumba, 2008). This broad definition is, however, problematic as it considers resources such as a physical infrastructure, which can be disposed for financial gain as a financial resource. Mikhail, Gratchev, Maria and Bobina, (2001) avoid defining financial resources but rather describe them in terms of their contribution. Thus, Mikhail et al. (2001) posits that financial resources are critical for starting and growing a business but the sources for financing a business differ depending on a country, sector and context. Hence, some businesses may rely more on public financing, while others depend more on private financing or a combination of these.

Financial resources are crucial for Afro hair salon operations such as the acquisition of hair dryers, relaxers, straighteners, hair pieces and the payment of employee salaries. Even the management of the business is often determined by the availability of financial resources, an absence of which is often reported as the major obstacle to business success (Brink & Cant, 2003). Yet many Afro hair salons struggle to get financial resources for various reasons, such as lack of reliable financial records and inflexible business locations, which make tracking after extending loans difficult. More so, most of these businesses are not registered and have a high temptation to evade tax payment, which makes lending them money risky.

Previous literature shows that financial growth matters for the successful performance of any firm (Fafchamps & Schundeln, 2013). Studies by Stulz (2000) and Kapopoulos and Lazaretou (2005) indicate that financial growth does matter for the successful performance of a firm. Some studies have shown that SMMEs in developing countries have problems in accessing finance since banks are the main source of external finance for SMMEs (North, Baldock & Ekanem, 2010). This failure to access finance arises from the fact that most SMMEs are considered as not financially viable, which makes it difficult for them to apply for bank loans as owners usually cannot qualify for loans owing to their businesses often lack of audited financial statements and bank accounts. Furthermore, the start-up capital is very difficult to accumulate for one to start trading and fund growth.

2.3.2.1 SMMEs are exposed to various ways of obtaining finance, and these are discussed below.

2.3.2.1.1 Formal financing

Formal financing refers to those financial sources, such as bank financing, institutional financing and venture capital financing-sources, which SMMEs struggle to secure due to the unavailability of audited financial statements, information symmetry and credit rationing (Kumar & Rao, 2015).

2.3.2.1.2 Bank financing

Most SMMEs use this type of financing to obtain finance. Successful bank financing requires a long-term association between the bank and the borrower (Kumar & Rao, 2015). Furthermore, the existence of a long-term relationship between SMMEs and banks can sometimes compel the banks to charge lower interest rates and not ask the SMMEs to provide any form of collateral (Kumar & Rao, 2015). This type of lending is normally known as relationship lending that helps solving problems of information. It is, therefore, unsurprising that the lack of equity capital invested in Afro hair salons makes these businesses more dependent on other sources such as bank lending and other types of financial support (Beck & Demirguc-Kunt, 2006).

2.3.2.1.3 Equity financing

Equity finance represents the personal investment of the owner (or owners) in a business and is sometimes called risk capital because these investors assume the primary risk of losing their funds if the business fails (Schmid, 2001). Equity financing is known as the most expensive form of finance to SMMEs as compared to other forms of financing (Kumar & Rao, 2015). In addition, Kumar and Rao (2015) state that equity finance is the most suitable form of financing for most small firms but SMMEs are unable to offer attractive investment opportunities. This is because they lack security governance (that is knowledge of protection of information assets) to secure the investor rights and in that way complicating their ability to secure equity financing. Hence, enterprises that are in their start-up stages find it difficult to secure equity finance and tend to turn to informal sources to get finance (Mac, Bhaird & Lucey, 2011).

2.3.2.1.4 Informal financing

According to Kumar and Rao (2015) most small enterprises are forced to turn to informal sources due to their difficulties in securing funding through formal means. Gudvoc (2013) notes that there are two main sources of informal financing, which are love capital (that is the money borrowed from friends and family) and that which is supplied by different enterprises (investors funding the enterprises). Informal financing provides the necessary resources for the owner/managers of Afro hair salons to pay salaries, buy hair products and equipment to be used in the salon, and for the payment of rent (Kumar & Rao, 2015).

2.3.2.1.5 Social capital and networks

Social capital is known as the intangible relational assets of the firm that can have an influence on the firm’s growth and future investment decisions (Kumar & Rao, 2015).

Networks help in providing access to information and other resources to the SMMEs. This is critical for hair salons and industries that provide an identical range of products, hence differentiation through social capital becomes vital for maximising return on investment. Pinho (2011) states that SMMEs need to have networking relationships that will provide access to different sources of information and alert them to the different changes in the environment.

2.3.2.1.6 Crowd funding

There are some informal innovative sources of finance that help SMMEs to obtain finance. Examples include firms generating funds via an electronic platform, whereby different funders invest their money in their ventures, which is called crowd-funding (Kumar & Rao, 2015).

2.4 SOURCES OF FINANCING FOR SMALL, MICRO AND MEDIUM ENTERPRISES

There are two possible ways of funding SMMEs and these are private and public financing.

2.4.1 Private financing

Private financing is the support provided by the commercial banks, retail banks, financial credit schemes and micro lending institutions. The commercial banking sector is generally viewed as the main source of external financing for the SMMEs. It is thus important for the banks to provide finance to the SMMEs so that they can sustain their operations, buy materials needed in the salon and pay employee salaries as well as rent and other service charges. On a more interesting note, banks perceive SMMEs as an attractive line of business and have developed effective monitoring systems (National Credit Regulator, 2011).

Despite the attractiveness of SMMEs, entities such as hair salons still face are number of challenges when trying to access sustained credit schemes. These include lack of steady regular income (Nawai, Mohd & Shariff, 2010), lack of owner/manager permanent physical addresses that makes extending loans to them risky, and the inability to provide financial statements to back up their business performance claims (Pandula, 2011). The SMMEs, such as hair salons, often fail to develop business plans necessary to convince potential funders about their economic and financial viability of their business. In addition, their limited income base often force them to resort to tax evasion.

2.4.1.1 Forms of Private financing

Private funding can be accessed from private banks and micro finance lenders.

2.4.1.1.1 Commercial banks

The commercial banks available in South Africa, which include Amalgamated Banks of South Africa (ABSA), Standard Bank, Nedbank and First National Bank, offer financing to firms and individuals. The banks offer three main loan products, which are term loans, overdrafts and mortgage (Mutezo, 2005). SMMEs that have collateral regularly use commercial banks as their main form of financing, as banks are happy to provide debt financing against such collateral (Mutezo, 2005). Here, the collateral comprises business assets such as equipment, land, the building of the venture and personal assets such as a house or a car.

In most cases, banks refuse to lend loans to small business applicants such as hair salon businesses. According to Schoombee (2003 cited in Rwigema & Venter, 2004), some of the reasons for declining the loan applications are as follows:

- The existence of a high risk of SMME entrepreneurs defaulting on loan repayments, because of insufficient income.
- The high administrative costs involved in screening the loan applications from the applicants.

- Entrepreneurs facing cultural, language (and writing challenges when they approach the banks. These could include challenges in cultural communication, personal expression and an inability to effectively convey desired products.
- Entrepreneurs do not have sufficient collateral to support the loans they acquire from the banks due to poverty and limited resources.
- Banks accrue low returns when they invest in SMME sector.
- Lack of clear business plans and ideas.

2.4.1.1.2 Micro finance lenders

Micro financing provides funding to those South African entrepreneurs excluded from the formal financing institutions (Mutezo, 2005). The sources of Micro finance are:

(a) Informal lenders known as Matshonisas

There are private micro lenders who operate in an informal manner in the former black townships that are called the *Matshonisas*. "*Matshonisa* means making you (in this case the borrower) poorer this term was developed in reference to the high interest payments attached to their loans, or to the debt trap into which the borrowers often fall" (Rwigema & Venter, 2004:394).

(b) Non-Governmental Organisations (NGOs)

The NGOs serve as a network of donor funding and offer limited types of products (Mutezo, 2005; Fafchamps & Owens, 2008; Bromideh, 2011). Mutezo (2005) points out that most SMMEs are not aware of the NGOs and hence miss the opportunity to secure funding for the enterprises. This lack of knowledge of the existence of such NGOs often lands SMME owners in the hands of *Matshonisas* or community or group savings from who they would request financial assistance for the start-up their enterprises.

(c) Micro lenders

Micro lenders only provide small loans and do not require collateral for the provision of loans. In addition, they focus mostly on the provision of personal short-term loans. They normally require an Identification Document (ID) and a salary advice from the person making the loan application, which they use as security in addition to a consideration of the credit record of the borrower that is checked through the national credit checking systems (Mutezo, 2005; Johannsmeier, 2007).

(d) Community or Group Savings

Most SMMEs get funding from the community or group savings, which they regard as the most invaluable source of funding. Community or group savings are groups of individuals who contribute a specific amount of money on a monthly basis, with individual members getting consecutive turns to collect cash that then use to buy equipment or finance their enterprises (Mutezo, 2005). According to Rwigema and Venter (2004:399), examples of group savings include “stokvels” which do not provide loans to individual members monthly but rather distribute the collective contributions of stokvels members on a rotational basis. There are an estimated 421 000 stokvels in South Africa comprising a total 8.6 million stokvel members, which represent 23% of the nation’s adult population (Ipsos, 2014).

2.4.2 Public financing

Public financing is defined as the various means through which government intervenes to fill/close the funding gap left by private financing (Storey, 2003). Public financing assists SMMEs that do not have access to private funds, such as banks and micro lenders, due to lack of perfect information about possible funding options and their inability to generate information on their financial accounts, sales volume and customer base. There are various concerns about public financing and these include the inefficient use of public funds which manifests in the provision of support to non-viable ventures (De Meza, 2002; Storey, 2003).

Government support comes in a range of direct financial assistance packages to the SMMEs which include subsidies, grants and tax benefits such are tax rebates and deductions that assist the SMMEs in their business operations (Xiang & Worthington, 2013). The role of government finance is to ease the SMME financial constraints by helping them to generate additional cash flows or assisting the SMMEs in obtaining finance (Xiang & Worthington, 2013). There are companies that help the SMMEs in obtaining financial assistance. Nonetheless, the task of the government is to provide financial assistance to the SMMEs so that they can improve their facilities and working environments (Xiang & Worthington, 2013). The government, as noted further by Xiang and Worthington (2013), also helps the SMMEs with training that is critical to improving, identifying, evaluating and investigating projects or activities for the expansion of the enterprises. The government also contributes to the education and training of small business of owner/managers and their employees. The government plays the above mentioned roles mainly because SMMEs contribute to the economy of the country.

There are a number of public financing packages. These include the multiple support programmes that the Department of Trade and Industry (DTI) has identified which are: Khula Enterprise Development Fund (Khula), the National Youth Development Agency (NYDA), the Small Enterprise Development Agency (SEDA) and the Tsumisano Trust (National Credit Regular, 2011). These interventions assist SMMEs, such as hair salons and new entrepreneurs to access public funding and owner/managers to start or expand small to medium sized businesses. These interventions are discussed in detail in the subsequent sections of this study.

The National Credit Regulator (2011) notes that banks, in most countries, recognise SMMEs as an attractive opportunity of business and have developed effective monitoring systems. These include investing in credit scoring models and other sophisticated techniques to discriminate between high and low risk borrowers and thereby eliminating the information asymmetry problem. For instance, the role of the Tanzanian Government in the financial services sector is to make measures that reduce the risks and transaction costs of lending in order to increase competition in the financial sector and strengthen this sector's capabilities to serve small and medium enterprises (Ministry of Industry and Trade Dar es Salaam, 2003). The Ministry of Industry and Trade Dar es Salaam provides seed capital and other financial resources to SMMEs. In addition, the major role of the Government in the non-financial services sector is to encourage and support market development to facilitate greater demand and supply of Business development services (BDS). The government would also support the establishment and strengthening of extension services for the SMMEs.

2.4.3 Public financing in different countries

The funding from both the private and public financing is influenced by institutional capacity, budgetary resources, and the nature of the local capital and investments climate in the various countries. China, India, Australia and the United Kingdom demonstrate the spectrum of approaches geared at public funding (Reserve Bank of Australia, 2013). Public financing still plays an important role in all four of these countries and it ranges from financing almost all business start-up investment in China, to financing around one-third of set-up investment in the United Kingdom (Reserve Bank of Australia, 2013). The Reserve Bank of Australia notes that the privatisation of set-up assets in Australia and the United Kingdom has played an important role in increasing the share of private investment. It can thus be inferred that this privatisation drive opens up opportunities for businesses to acquire funding from public financial institutions. The various financing models used in India, Australia and the United Kingdom have, nevertheless, come under some criticism for different reasons specific to each country. This highlights the sensitivity of the financing model to country-specific factors and the difficulty of getting the appropriate allocation of risks between the public and private partners in order to ensure that the project is both sustainable and delivers value for money to taxpayers and those paying to use the set-up (Reserve Bank of Australia, 2013).

The United Kingdom has the greatest proportion of private financing of infrastructure, reaching around two-thirds of annual infrastructure investment in 2011 (NAO 2013). The high level of private financing in the United Kingdom is largely the result of significant past privatisation of infrastructure assets and GTEs (are also known as public trading enterprises, government business enterprises, public corporations, state-owned enterprises or government-owned corporations), with transport infrastructure as a notable exception, and there are some concerted efforts by the government to design financing vehicles that encourage private involvement in the face of fiscal constraints (Reserve Bank of Australia, 2013).

Infrastructure investment in Australia has been around 6% of GDP on average over the past four decades. The share of private infrastructure investment in Australia grew steadily from the mid-1980s, reaching just above 55% in 2008, although it has fallen back below 50% since the global financial crisis. State and local governments and GTEs (public trading enterprises) account for the bulk of public financing for infrastructure in Australia (Reserve Bank of Australia, 2013). Although the Australian central government provides funding to local governments to support some of their SMMEs, infrastructure projects and finance needs, local governments have also made extensive use of 'off-budget' financing options for infrastructure, including selling land-use rights and borrowing through local government financing vehicles (Reserve Bank of Australia, 2013).

Almost all infrastructure financing in China, is undertaken by the public sector, with private financing contributing a proportion of GDP close to zero. China has placed considerable emphasis on financial infrastructure in its national five-year plans. The responsibility for the implementation and financing of infrastructure projects and SMMEs resides primarily with local governments in the country. The informal finance market has played a significant role in the Chinese economy. It has been serving the needs of the private entrepreneurs, who have been traditionally shut out of the formal banking sector system, through the informal and private money houses as well as underground lending organisations/businesses, which however are functioning more or less as banks as they tend to charge very high interest rates (Ayyagari, Demirgüç-Kunt & Maksimovic, 2008).

Thus, the informal financing systems in China, as rightly noted by Ayyagari et al. (2008) plays an important role in the market, even though the market lending comes at a very high price to the individual/enterprise borrowers and ranges from legal to illegal.

Infrastructure in India has historically been financed by the public sector. Until the mid-2000s, budgetary allocations combined with the retained earnings of GTEs (public trading enterprises) financed the majority of infrastructure investment. Furthermore, around 40% of the funding of SMMEs came from private sources. The increase in private sector financing can be attributed to a concerted effort by the Indian Government to create a regulatory environment that strongly encourages PPPs (public private partnerships) in the face of large infrastructure financing needs and fiscal constraints (Reserve Bank of Australia, 2013).

2.4.4 Institutions of public funding

The past fifteen years has witnessed the South African (SA) Government investing in many initiatives aimed at supporting and helping to grow the SMME sector in the country (National Credit Regulator, 2011). South Africa’s small business policy was principally obligated to apply the 1995 “White Paper on national strategy for the development and promotion of small businesses in SA” (Timms, 2011:20). The 1995 White Paper drew on the need for Government to create a legal framework, improve access to finance, assist in increasing access to information and advice, and to boost the procurement of small firms. The goals of the 1995 White Paper now find practical expression in the Integrated Small Business Development Strategy for the period 2005 to 2014. The strategy is based on three pillars:

- Increasing the supply of financial and non-financial support;
- Reducing regulatory constraints; and
- Creating demand for SMME products and services.
- The institutional framework

2.4.5 The Presidency

The Presidency is composed of several funding-focused institutions, which are described in subsequent sections of this study. These are National Youth Development Agency, National Empowerment Fund, National Small Business Advisory Council and Small Enterprise Development Agency.

2.4.5.1 National Youth Development Agency (NYDA)

The agency was created in 2009 out of a merger between the National Youth Commission and the Umsobomvu Youth Fund. The NYDA aims to assist the youth with their career skills and to help them start their own businesses. The NYDA funds training and gives out loans to small businesses (National Credit Regulator, 2011). At the community level, the NYDA encourages young people to be catalysts for change in their communities through involvement in community development, social cohesion, national youth service programmes, dialogues and activities. At a Provincial and National level, the NYDA facilitates the participation of youth in developing key policy inputs, through its policy development, partnerships and research programmes, which shape the socio-economic landscape of South Africa (NYDA, 2015).

2.4.5.2 National Empowerment Fund (NEF)

The National Empowerment Fund (NEF) was set up in 1998 and started to operate in 2004. The objective of NEF is to fund black-owned entities and empower (both big and small) businesses (National Credit Regulator, 2011). This initiative funds both big and small enterprises owned by black owner/managers.

2.4.5.3 National Small Business Advisory Council (NSBAC)

The National Small Business Advisory Council (NSBAC) 17, which falls under the DTI, was launched in 2006. The NSBAC reports to the Minister of Trade and Industry but has eight members who serve to advise the Minister on ways to support the small businesses (National Credit Regulator, 2011). This body represents and promote the interests of the small business sector as envisaged in the National Strategy for the Development and Promotion of Small Business (NSDPSB) in South Africa (South African Local Government Association (SALGA), 2010).

2.4.5.4 Small Enterprise Development Agency (SEDA)

SEDA is an agency of the DTI, directed to support small enterprises, which was formed out of a merger between the Ntsika Enterprise Promotion Agency, National Manufacturing Advisory Centre (Namac) and the Community Public Private Partnership Programme (CPPP). The Godisa Trust and the Technology Programmes were integrated into Seda in 2006, becoming Seda Technology Programme (STP) (National Credit Regulator, 2011:28).

2.4.6 The Department of Economic Development (DED)

The Department of Economic Development (DED) was established in 2009 to manage the South African Government's economic policy. The Department supervises various entities, including:

2.4.6.1 Khula Finance Limited

This Government's small business finance organisation was established in 1996 to help fund small businesses/enterprises. Khula is a wholesale finance institution which operates across the public and private sectors through a network of channels that supply funding to small business. According to Mutezo (2005), Khula does not provide financial assistance directly to SMMEs/entrepreneurs, but this wholesale financer is responsible for financing SMMEs through various delivery mechanisms including commercial banks, retail financing intermediaries (RFIs) and lastly the micro credit outlets (MCOs). The financing that is offered by Khula includes credit guarantee schemes and loans.

Khula provides guarantees to registered commercial banks and other private sector financial institutions to help finance the SMME sector (Mutezo, 2005:43). Hence, as Rwigema and Venter (2004:396) note, “These guarantees serve as collateral for SMMEs, and are based on a risk sharing arrangement, whereby Khula assumes a portion of the risk associated with lending to the SMME sector”.

2.4.6.2 SA Micro-finance Apex Fund (Samaf)

The South African Micro-Finance Apex Fund (Samaf) was established to provide access to microloans and support the social capital mobilisation. Samaf is a comprehensive funding institution that facilitates the provision of affordable access to finance by micro, small and survivalist businesses for the purpose of growing their own income and asset base. The primary purpose of Samaf is to reduce poverty and unemployment and to extend financial services to reach deeper and broader into the rural and per-urban areas (National Credit Regulator, 2011). Samaf provides micro-finance to financial intermediaries, such as Financial Services Cooperatives (FSCs) and MFIs, who in turn lend to their members and clients.

Samaf offers microenterprise loans and development loans via its financial intermediaries. The Micro-enterprise loan is offered to financial intermediaries who then lend to poor people to establish and grow their micro survivalist businesses. To qualify for this loan, the loan applicant must earn not more than R3 500.00 per month (National Credit Regulator, 2011).

2.4.6.3 Industrial Development Corporation (IDC)

This Government development finance institution was set up in 1940 to fund small businesses. The IDC falls under the Department of Economic Development (National Credit Regulator, 2011). According to the Ntsika (2002), the IDC is a self-financing national development finance institution, whose main objective is to contribute to economic growth and to empower the South African population through public financing directed as SMME development. There are a number of interventions under the IDC that are available to help finance the SMMEs, and these are equity investments, commercial loan and quasi-equity (Ntsika, 2002; National Credit Regulator, 2011).

2.4.7 Department of Science and Technology

The Republic of South Africa's Department of Science and Technology houses several funding-related institutions, which are elaborated in subsequent sections of this study. These include Technology Innovation Agency, Small Enterprise Development Agency.

2.4.7.1 Technology Innovation Agency (TIA)

This is a new umbrella body that includes the Tsumisano Trust that housed the technology transfer stations, the Innovation Fund, the Council for Scientific and Industrial Research (CSIR)'s Advanced Manufacturing Technology Strategy, which was established in 2009 and launched in 2010 to provide funding innovation (National Credit Regulator, 2011).

2.4.7.2 Small Enterprise Development Agency (SEDA)

The SEDA's role is to render a well-organised, effective promotion and support to SMMEs in order to contribute towards the economic growth of South Africa (Mutezo, 2005; National Credit Regulator, 2011).

In view of the above, it is clear that government guarantees and loans are critical to the success of SMMEs which struggle to raise start-up capital and working capital to sustain their businesses and the government should attempt to extend the accessibility of funding to SMMES.

2.5 THE BUSINESS ENVIRONMENT

The conditions existing within the business environment have a great effect on the nature of SMMEs growth. The business environment here, refers to the factors or variables, which exist inside and outside of the organisation that influence the growth and success existence of the organization (Smit, Cronje, Brevis & Vrba, 2007). The external environment comprises customers, the government, economy, competition and public opinion. The factors from the external environment that affects business growth include technology acquisition, market conditions and changes in consumer needs and tastes.

2.5.1 Internal environment

The internal environment consists of the factors that are controllable within the firm (Olawale & Garwe, 2010). These factors include finance, the owner's managerial competency and levels of investment in information technology (Barbosa & Moraes, 2004; Cassar, 2004). The argument is that the owner's managerial competencies (e.g. resource mobilisation skills and grant proposal writing) and technological capabilities such as digital knowledge and skills of internet browsing to access potential funders can be instrumental in accessing finance for small businesses.

2.5.1.1 Access to finance

According to Olawale and Garwe (2010), most businesses or enterprises require finance to start training and fund growth. Lack of access to private or public funding can constrain business growth (Cassar, 2004; Osano & Languitone, 2016). In fact, lack of access to finance is reported as the most contributor to low new firm creation as well as SMME failure, after education and training (Herrington et al. 2009). FinMark Trust (2006) indicates that only 2% of SMMEs in South Africa are able to get funding or access to bank loans. According to Foxcroft, Wood, Kew, Herrington and Segal (2002), and Chimucheka and Rungani (2011), about 75% of all the applications for bank credit loans are rejected in South Africa. This shows that the failure by the SMMEs to get the combination of private and public funding or loans may lead to stunted growth or difficulties in survival in a highly competitive business sector as it impacts negatively on the business performance.

2.5.1.2 *Management skills*

Garwe and Olawale (2010:731) state that "managerial competencies are sets of knowledge, skills, behaviour and attitudes that contribute to personal effectiveness". The lack of education and training in South Africa has reduced the management capacity of new firms (Harrington & Wood, 2003). Having funding and managerial competency, therefore, are important for most of the SMMEs' survival and growth. One fundamental expression of managerial competency is financial literacy, which is critical to owner/managers' selection of particular and different combinations of financial options for their business. Financial literacy is also important for ascertaining the potential negative consequences of uninformed financial decision making. Sedi Report (2009) states that financial literacy initiatives aim to increase financial knowledge and change financial behaviour of the owner/manager as being financial literate will enable the owner/manager to become more confident about financial matters within the enterprise and make more informed financial decisions that benefit their businesses' growth prospects.

2.5.1.3 *Investment in information technology and cost of production*

It is very important for most firms to keep up with and invest in technology (Garwe & Olawale, 2010). Technology, as confirmed by Garwe and Olawale (2010), plays a crucial role in the development of most SMMEs, evolution of their strategies and in the maximisation of the business opportunities. More so, the use of technologies, such as e-commerce and e-marketing, helps to improve sales and reduce transaction costs. However, SMMEs that lack finance may find it difficult to purchase the necessary technology for their businesses (Phillips & Wade, 2008). Our assumption is that with the increasing web presence of many funding institutions, SMME owner managers could benefit from accessing the contact persons of funding institutions and initiating profitable contacts. It could be assumed that some funding agencies require online applications and hence technological literacy becomes handy in compiling and processing applications. The online platforms also help to develop credit models for loan approvals and perform credit checks of borrowers and this online process allows funds to be transferred easily. (Lin, 2009; Chen and Han, 2012).

2.5.1.4 *Ideal human resource management practices relevant to SMMEs:*

2.5.1.4.1 Recruitment and selection of staff

The recruitment and selection of staff involves the identification and placement of employees in a particular enterprise so that they can help that enterprise to meet its goals and objectives (Nzonzo & Matashu, 2014). Most SMMEs' constrained HR practices are reflected in their inability to apply appropriate recruitment and selection procedures, through their preference to hire their family members and friends. This complicates their capacity to impartially apply HR procedures such as enforcing discipline, demanding optimal performance from all employees and not compromising on the appropriate use of company resources. Long, Ajagbe and Kowang (2014) state that most of the SMMEs owner/managers do not want to recruit outsiders to join their enterprises and are unwilling to spend money on training and development of the enterprise. The reluctance to recruit outsiders can be attribute to their limited funding/budget which constraints their ability to pay competitive remuneration for their employees and hence their preference for family and friends who may be under-rewarded. Van Scheers (2011) argues that the lack of proper employee recruitment and selection structures has a negative impact on the building of entrepreneur competencies.

2.5.1.4.2 Compensation

Compensation consists of the different kinds of rewards or payments offered to the employee for the work done or for their contribution to the enterprise (Nzonzo & Matashu, 2014). There are different forms of rewards and they could be monetary, in the form of wages and salaries, or non-monetary, such as medical aid. SMMEs may afford salaries, but may not afford non-monetary benefits for their employees because of their limited income generation capacity. As most SMMEs have a challenge in accessing funding for their business, that may have a direct effect on the remuneration of their human resources.

The nature of the industry and the poor compensation offered to workers perhaps explains the hair salons' preference for temporary or seasonal employees. Hair salons' reliance on temporary and seasonal employees complicates the proper application of HRM practices consistently. A temporary employee is hired for a specific period to temporarily replace an employee that is absent or they are hired when they are needed by the employer of a particular business (Dixon, 2009). A seasonal employee may be hired on a part-time basis when they are needed to perform the extra demands during a busy season, such as the Christmas season. The application of HRM, practices on these employees is often ad hoc, unsystematic and un-coordinated leading to high turnovers. Limited human resources can influence a firm's propensity and sense of awareness of and response to the threats and opportunities that might be presented from the external environment.

2.5.1.5 Training and education focus areas for SMMEs employees:

Business skills training: According to Nieman (2001), this training is formal training and covers all the management training areas in the organisation.

Entrepreneurial skills training: This training involves the birth and growth of the enterprise and focuses on entrepreneurial traits, creativity, innovation, risk taking and the need for entrepreneurial achievement/success (Nieman, 2001).

Technical skills training: Nieman (2001) states that this training addresses the ability for the employee to use their knowledge and techniques of a particular discipline to attain certain ends.

Lack of education in South Africa is considered as one of the most significant barriers to entrepreneurial activity (Chimucheka, 2013). The author also elaborated that education is positively related to entrepreneurial activity, as education contributes to the generation of competences needed for the successful accomplishment of business tasks. A majority of the SMMEs in South Africa have been established by owners who have little knowledge of the business world and are not aware of the risks that can lead to their enterprises failing. It is difficult for small entrepreneurs to get sufficient training and education because they often lack the finance from either public or private financial institutions to train.

With reference to the Free State Province, there is lack of education and training because there are not enough Accredited Training Centres in the Province. More so, most hairdressers lack financial support to study for the full qualification as their enterprises do not have access private and public financing.

2.5.1.6 Factors that affect the implementation of technology in the SMME sector:

2.5.1.6.1 Organisational factors

The owner/managers must be able to use technology to successfully operate in the enterprise, while most staff are busy or do not have time to attend training on technology (Hanclova, Rozehnal, Ministr & Tvrdikova, 2015). SMMEs suffer a huge shortage of staff and those available do not have the necessary skills and knowledge required to use technology (Hanclova et al., 2015). This explains the limited use of technology such as blowers, hair dryers, relaxer chemicals and computers in the hair salons.

2.5.1.6.2 Economic and financial factors

Technology in the enterprise is seen as the economic factor and cost driver even though SMME owner/managers need to understand the benefits of having technology in their enterprise (Hanclova et al., 2015). Hair salon owner/managers need to understand the effective use of technologies such as hair dryers, blowers, and hair chemicals and how to use which type of technology on which client.

Hanclova et al. (2015) argue that the possession of technology enables an enterprise to access global markets and new markets, improve communication channels with other enterprises, and maintain a market position in the community or in the country. They also state that most SMMEs are not able to have technology in their enterprise owing to a lack of financial resources.

2.5.1.7 The obstacles to the growth of SMMEs in South Africa

Berry, Botha and Doussy (2002), argued that South African SMMEs are unlikely to be a solution to the country's economic problems. They question the way SMMEs do their business and how they fulfil their roles as evidenced by their limited growth.

2.5.2 External environment

It consists of those factors or variables that are largely uncontrollable in the organisation (Garwe & Olawale, 2010). Beck (2007) argues that the performance of SMMEs can be influenced by both firm-specific factors, which are the internal factors and systematic factors, and external factors.

2.5.2.1 Economic variables and markets

Economic variables include the fiscal and monetary policies of the government, interest rates, and inflation and foreign exchange rates. These variables influence the demand for goods and services offered by the businesses and hence the growth of SMMEs (Ehlers & Lazenboy, 2007). Positive economic factors/variables have a desirable impact on the attractiveness of investment destinations, creation of local businesses and the growth of the economy. Another economic variable is the competitive nature of the market, which impacts the market and growth opportunities of most SMMEs in South Africa. Garwe and Olawale's (2010) state, from their competitive industry analysis that, a competitor is very important in the industry. They contend that SMMEs need to understand the dynamics of competition in their industries and develop competencies and skills that enhance their competitive advantage, success and survival.

2.5.2.2 Labour, infrastructure and regulations

SMMEs require skilled and motivated labour in order to sustain their businesses and ensure growth. However, it is difficult and expensive for SMMEs to get and hire skilled labour (Mahadea, 2008) due to their unsustainable income base. The challenges of recruiting skilled labour in SMMEs is further complicated by the need to follow proper regulations governing the employment of labour, just as the growth of the SMMEs in South Africa is affected by the quality of the existing infrastructure (Garwe & Olawale, 2010).

Most SMMEs struggle to access business management and training infrastructure from the government. Mass and Herrington (2006) state that SMMEs are not aware of the government initiatives, such as Khula Finance Enterprise (Khula) and Small Business Development Agency (SEDA), which seek to assist them due to information asymmetries. This raises critical questions about the funding options that are available to SMMEs and the sustainability thereof.

2.6 SMMEs CHALLENGES IN THE EMERGING ECONOMY

2.6.1 Lack of human resources management

Human resources refer to the process whereby the organisation forecast the future requirements of the employees in order for them to meet the market demands and provide services to their stakeholders (Nzonzo & Matashu, 2014). Multi-functional management, poor staff planning and a high employee turnover rate are some of the aspects that affect the SMMEs human resourcing (Smit & Watkins, 2012). Nevertheless, general management skills, which include strategic planning, motivation, leadership, and delegation, increase the performance of the entrepreneur (Nieuwenhuizen, Strydom & Swanepoel, 2010).

2.6.2 Lack of training and education

Nieman (2001) defines training and education as the skills that an employee needs to improve his/hers performance within the organisation. Training and education focus on the employee skills, attitudes and knowledge that contribute to the effectiveness of small enterprises in delivering their socio-economic development mandates (Nzonzo & Matashu, 2014). These skills include general management skills which are planning, financial, strategy, marketing, project management, time management and the skills, such as delegation, leadership, motivation, communication and negotiation that help an individual to deal with people (Nieman, 2001). Van de Merwe and Nieman (2003) emphasise that entrepreneurs often emphasise training and advice on specific areas such as compiling a business plan, identifying business and market opportunities, market research, marketing and advertising, financial and cash flow planning, entrepreneurial skills training, networking opportunities and counselling. The possession of these skills by an entrepreneur/employee enables the business to improve performance and enrich their knowledge on specific areas that they would have not known about.

Long, Ajagbe and Kowang (2014) consider employees as the most critical asset of a business and hence require training programmes to successfully deliver organisational goals. As a result, training and education should also focus on changing employees' attitudes and values so that they can develop a better understanding of the organisational needs and become tolerant to employees from different cultural backgrounds and societies (Van Scheers, 2011; Horwitz, 2013). Although education and training are envisaged to bring diverse virtues on any organisation, the SMMEs owner/managers may not have sufficient resources and expertise to offer or hire consultants to offer them.

2.6.3 Inaccessibility of appropriate technology

According to Wahab, Rose and Osman, (2012:62) "technology consists of two primary components: a physical component which comprises of items such as products, tooling, equipment, blueprints, techniques, and processes; and the informational component which consists of know-how in management, marketing, production, quality control, reliability, skilled labour and functional areas". The physical component of technology readily adopted and used in the hair salon businesses includes blowers, dryers, hair chemicals (imported/local), reliable power supply hair food and hair relaxers. The information component involves knowledge of the latest trends in hair styles and skin treatments, knowledge of customer preferred manicure and pedicure styles and that of hair chemical product ranges. Thus, SMMEs need to keep up to date with modern technology in order to stay abreast with what is new in the market.

Nevertheless, access to modern technology, is a huge challenge for the SMMEs, as they struggle to have financial breakthroughs. The use of technology is costly (Chimucheka, 2013) and many new start-ups may not be affordable. Some SMMEs are interested in having technologies in their enterprises but find it difficult since they would be lacking enough knowledge. They are also challenged by the high opportunity cost of scarce management time in isolating the cash flows relating to the project they want to use the technology for (Mbonyane, 2006). Hence, a limited use of technology is a barrier to the growth and development of the enterprises.

2.7 HAIR SALONS' EXPERIENCES

Onsongo and Muturi (2015) outline that hair salons in Kenya are viewed as a non-professional field and considered as a last choice entered by anyone with the hope of getting an income. There is evidence to suggest that many school drop outs and people often labelled social failures tend to pursue a purse career in this industry (Stephanie, 2002; Onsongo & Muturi, 2015). Scholars, such as Onsongo and Muturi (2015), lament that hair salons' experiences are marked by a lack of quality, an absence of requisite market information, the unavailability of credit, lack of market for their products and poor market research. Winnie (2005) laments that most hair salon employees never sign up employment contracts and their owner/managers rarely motivate their employees to perform better in their jobs. Nevertheless, Onsongo and Muturi (2015) underscore that hair salons still play a significant role in providing job opportunities for many people in emerging economies.

The industry is also characterised by a high mobility rate. Onsongo and Muturi (2015) state that most hair salon employees move from one hair salon to another, and they normally migrate with their clients in retaliation for having been poorly treated. As such, owner/managers of hair salons tend to lose the control of their workforce and customers easily.

2.8 FIRMS' PERFORMANCE

Since this study is pre-occupied with the relationship between types of financing and the performance of firms, it is critical to define performance. Firm performance is defined as the results of activities of a business or an investment over a given period (Investorwords, 2011). Firm performance is also defined as the outcome of organisational operations (Lin, Peng, China & Kao, 2008). In business terms, firm performance is the ability of the firm to outperform competitors consistently and deliver sustained superior returns to the owners, while satisfying the needs of their stakeholders (Mahasi, Awino, Pokhariyal & Ombaka, 2013). It is also argued, by Mahasi et al (2013) that performance has multiple meanings, depending on the discipline, whether it is management science, marketing, accountancy or economics. Mahasi et al. (2013) argue that performance is a function of controllable or strategic variables and non-controllable or environmental variables. Naude (2007) states that the performance of an organisation or enterprise relates with the effectiveness that it carries out the tasks, such as production of goods/services and marketing, performed in the process of providing products and services.

Firm performance is defined, in many of the studies in the field of strategic entrepreneurship, as a dependent variable with the entrepreneurship activity of the firm considered as an independent variable. There is strong agreement among researchers that successful entrepreneurial activities, such as creating new products, processes and markers, positively correlates with the improvements of a company's performance (Mohutsiwa, 2012). An enterprise's success or level of business performance can be measured by the enterprise's sales turnover, profits, rates of return on investments, expansion, productivity, as well as decreases in costs and its employment turnover rate

(Dockel & Ligthelm, 2005; Alasadi & Abdelrahim, 2007; Griffin, 2008; Thorne, Ferrell & Ferrell, et al., 2008; Jacobs 2011).

Resources directly affect a firm's performance. There is a direct relationship between firm resources and a firm's performance, because firm resources are the independent variable, while firm performance is the dependent variable. The relationship between resources and performance is mediated by expansion strategies and moderated by growth and expansion jointly (Mahasi et al., 2013).

2.8.1 Ways of measuring performance

2.8.1.1 Firm growth

Growth is known as the main characteristic of success (Nieman & Nieuwenhuizen, 2009). Growth helps to bring greater profitability, increases personnel, and expands as well as foster new enterprises. SMME performance can be measured using the four indicators of growth, which are employment growth, sales growth, the level of market value growth when compared with other firms.

2.8.1.2 Employment growth

South African entrepreneurship has created huge new employment opportunities in the country (Chimucheka, 2013). The IDC News Room (2014) claims that the country has yet to see the true value and benefits of SMMEs, a view that is contradicted by the National Development Plan, which envisages that, by 2030, 90% of new employment will be generated by small, medium and micro enterprises (SMMEs). However, growth in employment figures should be compounded by employee job satisfaction. Van Scheers (2011) identified employee satisfaction and owner satisfaction as the indicators of SMME success.

2.8.1.3 Sales growth

SMMEs performance can be measured through the use of sales growth (Barrier, 2004; Maduekwe & Kamala, 2016). SMMEs growth can be promoted by increasing the numbers of buyers and suppliers. SMMEs can increase their sales through cost reduction, especially by not employing more staff or acquiring more resources for enterprise, while outsourcing can increase sales without increasing the employment levels (Barreira, 2004). Chimucheka (2013) states that sales growth reflects, in both the short-term and long-term, changes in the enterprise and it is also easy to obtain sales volume in sales figures and changes.

2.8.1.4 Market value growth compared to competitors

SMMEs that have a larger number of customer base would be confirming that they are reaching their target markets (Van Scheers, 2011). The market value captures the value of the enterprise much better than any other accounting measures such as assets and net worth (Barreira, 2004).

2.8.1.5 Comparison of firms by industry

A proper evaluation of the performance of the enterprises can be achieved through a comparison of the same firms in the same industry and market to establish certain business information (Chimucheka, 2013).

2.9 PROPOSED CONCEPTUAL FRAMEWORK

Figure 2.1 illustrates the relationship among private funding, public funding and the performance of SMMEs.

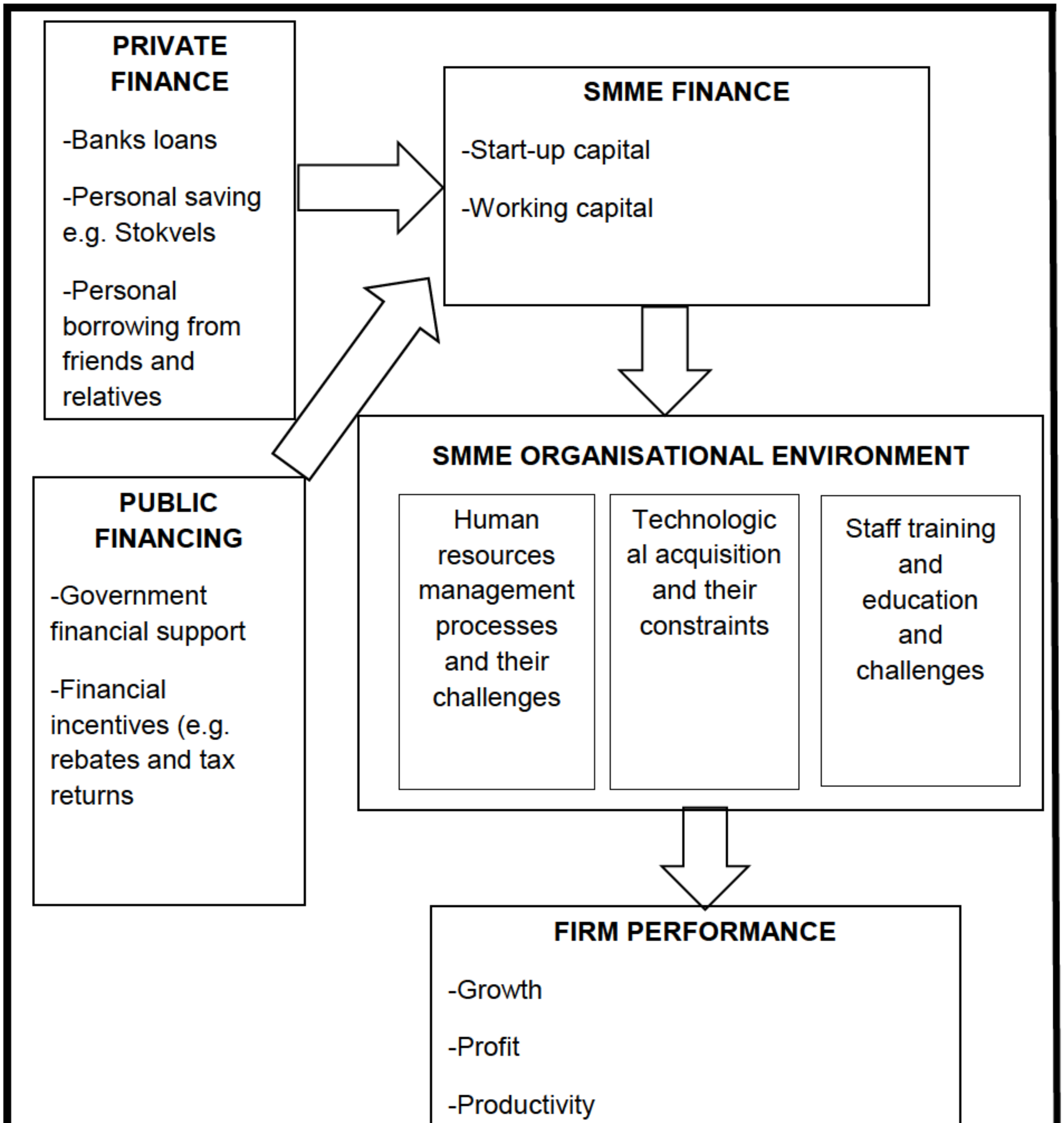


Figure 2.1: A proposed conceptual model on private/public finance-SMME performance
(Source: Author's compilation)

A model that captures the various relationships between public and private funding, SMME finance, the internal and external environment of SMMEs and firm performance, was developed. The model postulates that SMME establishment is largely dependent on different resources (mainly public and private financing). Although the literature review considered other resources, such as the entrepreneur's capabilities, knowledge-based resources and competencies, these are not reflected in the model because they are not the focus of this investigation.

Figure 2.1 shows that the main variables under study are private and public financing and firm performance. Firm performance is dependent on private and public financing. SMMEs can generate start-up capital and working capital to sustain themselves by gaining access to private financing such as loans from banks, personal savings and personal borrowings from family or friends, and from the public financing such as government financial support and financial incentives. Although private and public financing are considered critical for the acquisition of the organisation's human resources, technology and development of staff training, these organisational variables can be considered as intervening variables that are critical to an improved performance of SMMEs. For instance, well qualified and well trained human resources are critical to improved productivity and technology acquisition is a critical driver of small business growth. The training and development of staff allows SMME personnel to manage or cope with competition, improve the SMME's competitive advantage and overcome market constraints, which collectively impact on SMME performance with regard to growth, profit and productivity. Figure 1 has the internal and external intervening variables that are discussed below.

The previous discussion shows that while both private and public funding sources are instrumental in generating the much needed start-up and working capital, they are not in themselves exclusively responsible for improved business performance. In fact, once converted into start-up (for new business start-ups) or working capital (for SMMEs already in operation), private and/ public funding has to be entrepreneurially infused and strategically integrated into the internal environment of the organisation through various organisational and managerial processes. These processes include human resource practices, technology acquisition and training, education and the development of human resources. Each of these variables presents various opportunities and some associated challenges for the organisation.

2.9.1 Human resource base and SMMEs performance

The relationship between public and private sources of funding and performance does not unfold in a vacuum as it is mediated by organisational and environmental variables. Organisational variables are those resources, skills and capacities which the organisation has full control of that may also generate optimal performance for the company and for its external stakeholders when converted into competencies and capabilities. These variables include the human resource base, staff training and the educational attainments of the staff complement-which are intervening variables from within the organisation. The adoption of formal human resources practices in an enterprise has an influence on the performance of all firms, small and big (Rose & Kumar, 2006). A study conducted by Kotey and Slade (2005) reports a positive association between HRM practices and the performance of SMMEs. Ojokuku, Sajuyigbe and Ogunwoye's (2014) research into the interplay between HRM practices and the performance of Nigerian SMMEs report that HRM practices have a significant impact on business performance ($F(4, 66) = 18.569$; $R2 = 0.\ .529$; $P < .01$), thus indicating that HRM practices contribute 52.96% to business performance. Wright, Gardner Moynihan and Allen (2005) found out that organisations performed higher when they attract and obtain employees with competencies that are consistent with these organisations' existing strategies.

2.9.2 Staff training, educational attainments and SMME performance

The training of staff and levels of academic credentials should be conceived in light of their capacity to shape and influence the productive potential of SMMEs. Organisational training and academic qualifications unquestionably mould and channel the value systems and mental dispositions of SMME managers in line with the vision, mission and values of the organisation. Therefore, staff training and educational attainment serve as internal mediating variables operating from within an organisation. An empirical research conducted by Katou and Budhwar (2010) into 178 organisations operating in the Greek manufacturing sector reveals that employee skills, attitudes and behaviour had an impact on firm performance. By the same token, the possession of skills and appropriate attitudes can be traced back to the appropriateness of the training opportunities and educational attainments of the SMMEs managers/owners. A handful of other studies (Wright et al., 2005; Katou & Budhwar, 2006; Adnan, Abdullah & Ahmad, 2011) also indicate that HRM practices, such as training and development and the job-qualification mix, have an effect on a firm’s bottom-line performance. Training (organisational variable) helps the employees to encourage growth within them and the enterprise, while training plays an important role in improving the firms performance and increasing productivity (Dabale, Jagero & Nyauchi, 2014).

2.9.3 Technological acquisition and performance

Technological acquisition can be defined as a process of planned, selective and focalised importation of advanced technology, which the enterprise has not nor did not master, and the new application of imported technology, which can bring expectant economic benefits to new users (Lambe & Spekman, 1997; Lowe & Taylor, 1998; Hung & Tang, 2008). Technology acquisition (organisational variable) has a huge influence on the employee performance and it is considered the most important factor in influencing the firm’s improvement of performance (Imran, Maqbool & Shafique, 2014). Yet this view is not necessarily universal as there is evidence to the contrary. For instance, a longitudinal study conducted by Tsai and Wang (2008) on the influence of external technology acquisition on firm performance reveals that external technology acquisition does not provide a significant contribution to firm performance per se; although the positive impact of external technology acquisition on firm performance increases with the level of internal research and development efforts. Thus, the initial acquisition of sophisticated technology may cost a cash strapped hair salon in the short term and compel it to break even, but the savings derived from reduced overheads owing to technology adoption may contribute to profitability, growth and the long term economic sustainability of these previously labour intensive salons. The research's assumption is that if a salon can survive the initial sunk costs of technology acquisition by scaling up production and overcoming competition, its performance can be optimised in the short to medium term. Foster (1986) states that some studies show that there is a positive relationship between firm technological acquisition and performance. By the same token, an intra-firm factor, such as utilisation of obsolete technology (Ishengoma & Kappel, 2006), undermines the productivity potential of emerging firms, such as hair salons.

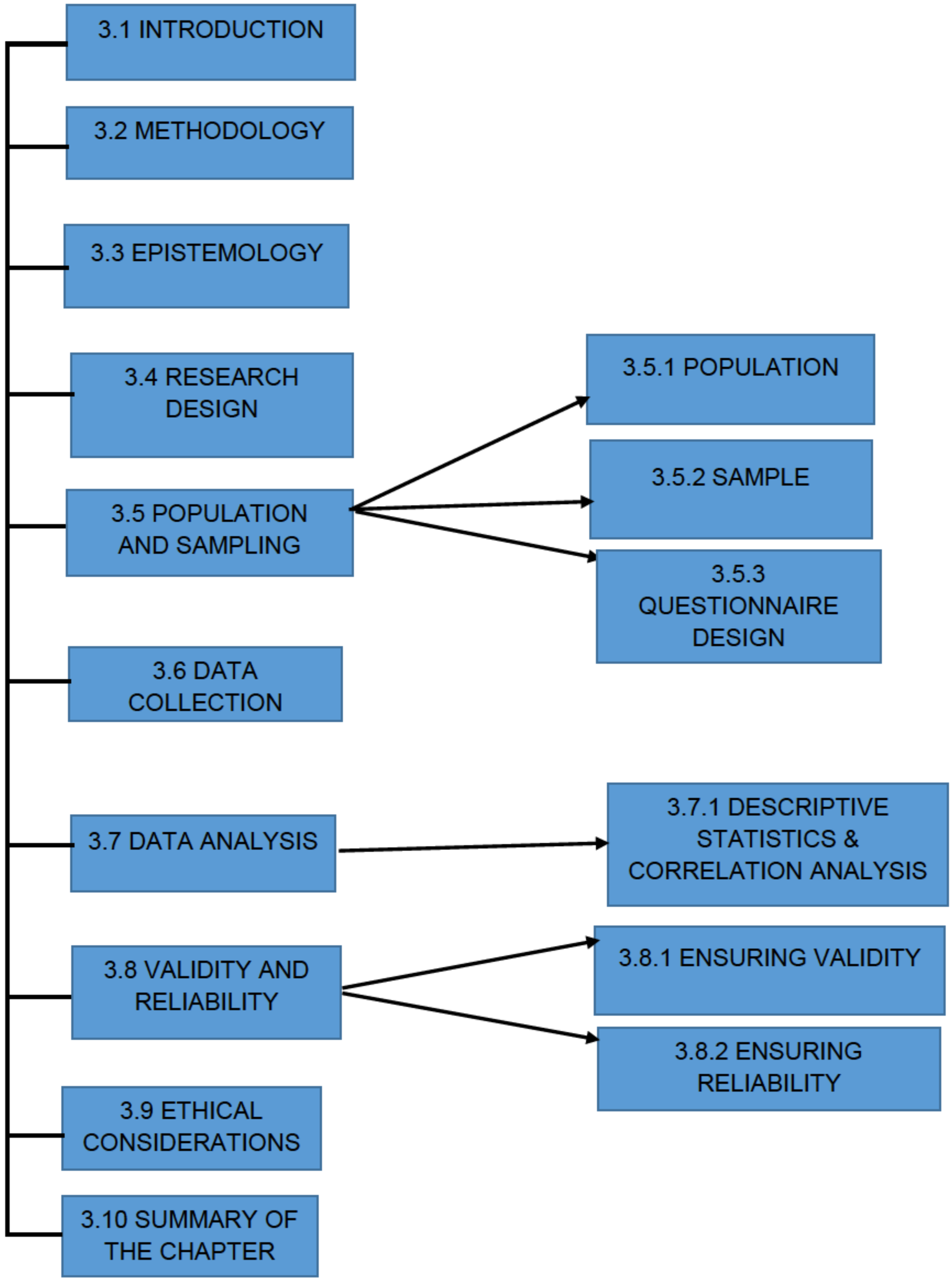
2.10 SUMMARY OF THE CHAPTER

Chapter 2 outlined the different aspects that form private and public financial resources and how such financing influences a firm's performance. The chapter outlined the various private and private funding institutions which avail funds to SMMEs, the different challenges that SMMEs face and the institutional arrangements available to support them.

A conceptual framework, based on the variables under the study, which are private and public financing and firm performance, was developed. The model provided considered the influence of the organisational environment on the performance of SMMEs in terms of growth, profit and productivity.

The next chapter provides a detailed outline of the methodology adopted in this study.

CHAPTER THREE: RESEARCH METHODOLOGY



3.1 INTRODUCTION

The previous chapter reviewed the literature that focus on public and private financing, various institutions that support financing, the various challenges faced by SMMEs and their performance. The literature review also identified research gaps brought about the exclusive focus on specific types of funding and the complexity associated with getting a panoramic view on the effects of different combinations of funding on the performance of SMMEs. This chapter, however, outlines the research methodology adopted in this study. As a result, it focuses on the epistemology, research design, population, sampling procedure, data collection method, data analysis, and ethics applied in the study.

3.2 METHODOLOGY

A methodology is a way of systematically solving the research problems and process of conducting research scientifically (Kothari, 2004). It can be interpreted as the science of conducting research in a credible and dependable manner with the view to resolve complex societal problems. While there are different types of research, such as descriptive, exploratory and experimental research, some research types including descriptive research may not necessarily focus on resolving practical problems but rather on providing a comprehensive account of the phenomenon under study from multiple perspectives. Tight (2013) states that a methodology is a strategy, plan, or a process of adopting a particular method and linking the choice of methods to the preferred outcome. Tight’s (2013) definition shifts the attention from the science of conducting credible research towards the development of a logical game plan for conducting research which comprises the choosing of appropriate methods and techniques and their justification in an attempt to deliver research outcomes such as a thesis, mini-dissertation and research project. The current research, which acknowledges both Kothari (2004) and Tight (2013), argues that a methodology comprises the science of selecting and adopting the appropriate research methods, techniques and tools including justification their thereof, to develop a solid plan for the collection, analysis and reporting on a phenomenon under study or to describe relationships between concepts and events.

There are three types of research approaches, which are the qualitative, mixed method and quantitative research. According to Creswell (2014), qualitative research is used to understand and explore the meaning which individuals or groups assign to social or human problems. It is a method of inquiry employed traditionally in the social sciences, but also in market research and other contexts. Qualitative researchers aim to gather an in-depth understanding of human behaviour and the reasons for such behaviour. The qualitative method investigates the “why” and “how” of decision making, not just “what,” “where,” and “when.” The multiple questions involved in qualitative research demands that the researcher depend on smaller but focused samples than large samples (Denzin, Norman & Lincoln, 2005). Mixed method research is a study that combines qualitative and quantitative approaches into the research methodology of one investigation (Azorin, Gamero, Moliner & Ortega 2012). This means that the researcher will use both qualitative and quantitative approaches in their sampling techniques, data collection and data analysis of their study.

Quantitative research is considered to be the more scientific approach to a social science research and this is the approach adopted in this study. The quantitative approach is deemed appropriate in scenarios where the data to be collective is of a numerical nature and can be subjected to statistical analysis to produce quantitative information that leads to the establishment of some inferences about the population in question based on the sample. Quantitative research also relies on specific definitions and carefully operationalising what particular concepts and variables mean (Tewksbury, 2009). For the purpose of this study, all the independent variables (that is, public and private funding), the mediating variables (that is, training and education, selected human resource practices, technology acquisition) and the dependent variable (SMME performance in terms of profitability and growth) were first defined and conceptualised at a theoretical level in the literature review. A quantitative approach is considered appropriate given that the desire of the researcher is to describe and predict the relationship between variables namely private and public funding and business performance. Thereafter, the relationships between these concepts were postulated in a model that was developed at the end of Chapter 2. The operational definitions and descriptions of these concepts were also used as a basis for the development of the research instrument, which was then adopted as the data collection tool for this study.

Quantitative research will assist the researcher to find answers to the research questions through the analysis of quantitative data. The current study was interested in establishing the influence of private and public funding combinations on the performance of Afro hair salon SMMEs. As such, a quantitative approach was considered ideal for this investigation, given its emphasis on exploring multiple relationships relating to: (1) The constitution of public and private funding (2) funding sources' influence on mediating organisational variables (3) combined funding sources and firm profitability (4) combined funding sources and firm growth. Gay, Mills and Airasian (2009) state that the strength of a quantitative research that provides opportunities for the researcher to engage with and gather data directly from respondents to understand a phenomenon from their perspectives. The researcher employed a survey to engage with her respondents to solicit their perceptions on the four aforementioned issues.

3.3 EPISTEMOLOGY

The study adopts a positivist epistemology, which requires the researcher to follow the scientific method of natural sciences that favours the researcher's objectivity and independence as opposed to an interpretivist that encourages subjectivity in social research (Kumar, 2011). Given the positivism's preoccupation with explaining relationships between variables, this epistemology is ideal for exploring the connection between private and public finance and the performance of SMMEs in Afro hair salon, in Mangaung Metropolitan Area. Positivism holds that the investigator and the investigated are independent and thus, the researcher can study a phenomenon without influencing it or being influenced by it (Denzin & Lincoln, 2005: 27). The positivists' objective is to discover absolute knowledge about an objective reality. The positivist epistemology is appropriate for this study which seeks to generate valid knowledge by establishing a logical relationship between private finance, public finance and business performance.

The current researcher's objectivity and independence were advanced in this quantitative study through (1) the development of a scientific research instrument, a structured questionnaire, with standardised research questions, which are in this case closed questions, to reduce the chance of researcher subjectivity and bias at instrument design stage, and (2) the development of a self-administered questionnaire as the data collection instrument that limited the direct interaction between the researcher and the respondent to reduce the respondents' influence on the reflections of the researcher. The positivist epistemology uses a scientific approach because the role of the researcher is to discover the specific nature of cause and effect of relationships (Collins, 2010; Bryman & Bell, 2011). The current study, however, examined relationships of association between funding options and combinations and firm performance rather than relations of causality. In other words, the study did not postulate that a particular funding source or combinations of funding sources causes hair salon firms to perform in a particular way.

3.4 RESEARCH DESIGN

A research design is an inquiry within the approach that provides specific directions to the procedures used in the research (Creswell, 2014). The design provides broad guidelines about the choice of data collection methods to be made to explore the phenomenon under study. This implies that both qualitative and quantitative research cannot be conducted arbitrarily if it is to be considered credible, dependable and reliable. The research design, therefore, serves as the blue print of the study that details the study type and sub-type, research questions, hypotheses, independent and dependent variables, types of design, and, if applicable, data collection methods and a data analysis plan (Pandey & Pandey, 2015). Any research seeks to address research questions and as such, the research design is the framework that is created to seek answers to the particular research questions. A research design is also known, from an operational perspective, as a framework for collecting and analysing data (Bryman & Bell, 2007).

This study adopts a survey approach as its research design. A survey normally seeks to answer questions that have been raised, to solve problems that have been posed or observed, to assess needs and set goals, to determine whether or not specific objectives have been met, to establish baselines against which future comparisons can be made, to analyse trends across time, and generally, to describe what exists, in what amount, and in what context (Glasow, 2005). The purpose of this study is to describe the nature of the link and direction of the relationship between funding sources and the performance of hair salon SMMEs. A survey is considered appropriate when the intention of the researcher is to generate quantitative findings on the views and perceptions of individuals on a subject matter of interest (Alzhanova, 2016). The intention, in the current study, was to generate quantitative data on Afro hair salon SMME owner/managers' perceptions about the influence of public and private funding on performance of their firms. A survey approach is certainly appropriate since the study sought to establish if there were statistically significant relationships private finance-performance and public finance-performance relationships exclusively and the joint effects of private and public funding on firm performance.

3.5 POPULATION AND SAMPLING

3.5.1 Population

A population consists of all the individuals, items or data under consideration in the study (Weiss, 1996). The population for this study comprised of all Afro hair salon businesses in the MMA of Bloemfontein, Botshabelo and Thaba Nchu in the Free State. The actual number of Afro hair salon businesses in this region is unknown, as a result, the researcher relied on estimates from the Industrial Development Corporation (IDC) and National Youth Development Agency (NYDA), which are the public institutions that sponsor SMMEs in these areas. The IDC estimate is that there are about 500 Afro hair salons in this Mangaung region and these estimates were made during 2016, and it is from this population estimate that the sample was drawn.

3.5.2 Sample

Ranjit (2005) defines a sample as a segment of the population that is selected to represent the whole population. According to Cohen, Manion and Morrison (2007:101), “the correct sample size depends on the purpose of the study and the nature of the population under scrutiny”. The size of the study population was 500, and as such the researcher drew on De Vos and Strydom’ (2005) suggestions that the minimum sample size for a population of 500 should be 100. Nevertheless, the researcher distributed 150 questionnaires to Afro hair salons drawn from the IDC/NYDA population estimate as she was aware that a low response rate often plagues surveys. This study’s sample, which is an element of the population considered for actual inclusion in a research, consisted of 150 Afro hair salons in the Mangaung Municipality’s Bloemfontein, Botshabelo and Thaba Nchu. The population is relatively known and as a result, the researcher was able to make broad generalisations about this entire population based on the sample.

There are two types of sampling methods and they are probability sampling and non-probability sampling. Probability sampling “is defined as having the distinguishing characteristics that each unit in the population has a known, non-zero probability of being included in the sample” (Latham, 2007:3). According to Latham (2007), there are four types of probability sampling, which are simple random sampling, systematic random sampling, stratified random sampling and cluster sampling. A non-probability sampling has no known chance that any element in the population can be selected and included in the study. Then there is non-probability sampling which consist of four types, convenience, purposive, snowball and quota sampling. The advantage of non-probability sampling is that it is a convenient way for researchers to assemble a sample with little or no cost and it is ideal for those research studies that do not require representativeness of the population. Non-probability sampling is a good method to use when conducting a pilot study, and questioning groups that may have sensitivities to the questions being asked as well as not wanting to answer those questions from speaking to every member of a specific group (Latham, 2007).

Simple random sampling was adopted for this study. Simple random ensures that each element of the population is given an equal chance of being selected in the sample (Zikmund, Babin, Carr & Griffin, 2013). This means that each Afro hair salons had an equal chance to be selected for the study. The process involved putting 500 papers with the names and physical addresses of Afro hair salons in these Mangaung regions in a box and shuffling the papers. Once the first was randomly selected, the papers would be reshuffled again and the next paper picked up, until 150 Afro hair salons were picked and considered.

3.5.3 Questionnaire design

The researcher designed the questionnaire based on the research questions established in the study proposal and founded on an in-depth exploration of mainstream literature. The questionnaire, which were divided into six (6) different sections and distributed to each owner/manager, was based on a Likert scale, with options ranging from "strongly agree" to "strongly disagree" Bertram (2006:1) states that Likert scales are used in questionnaires to obtain the participants' level of agreement with the statements or set of statements made in the questionnaire. Bertram (2006:1) further elaborates that, "Likert scales are a non-comparative scaling technique and are unidimensional in nature that is they only measure a single trait". The respondents had to select their desired answer from the different alternatives supplied on the questionnaire.

3.5.3.1 The questionnaire sections

Section A: This section collected the demographic data of the owner/managers. The data focused on their gender, age group, home language, nationality, and role in the business, the form of business, their highest academic qualification, years of experience in management, years of experience on the job, the number of employees in the business, gross turnover per annum, return on investment for the previous year and the age of the business.

Section B: This section collected data on private and public financing. The researcher solicited information from respondents on where they got their funding for their business. Respondents had to indicate the lender whom they considered the most attractive and helper to finance their business, the amounts borrowed from the lenders, and respondents' experiences of the most accessible private and public institutions.

Section C: This section evaluated the respondents' level of agreement with the recruitment, selection and compensation statements given in this section.

Section D: This section evaluated the ease of access to private and public finance required to acquire the latest technology used in the business.

Section E: This section evaluated the different types of training that should be offered to the employees in order for them to perform their job well. It consisted of statements regarding business skills, entrepreneurial skills and technical skills required of employees in the hair salon industry.

Section F: This section evaluated the business performance with regard to growth in the number of employees, return on investment and profits in the previous five years. It also evaluated the businesses' performance, especially profitability and growth, in terms of annual financial targets, gross profit margin, and profit income in the previous five years.

3.6 DATA COLLECTION

The University of Northern Illinois defines data collection as a process where the researcher gathers and measures data on variables of interest in a recognised systematic fashion that enables him/her to answer identified research questions, test hypotheses, and evaluate outcomes (Northern Illinois University, 2013). The goal of data collection is to capture quality evidence that then translates into rich data analysis and allows the building of a convincing and credible answer to questions that have been posed. This study used an in-depth structured questionnaire to collect data on the perceived significance of different funding sources on the performance of SMMEs.

Structured questionnaires are considered appropriate when the research is concerned with numbers and answering questions, such as how many? How often? and how satisfied? Hence, the structured questionnaire best suited this investigation because that the current research was concerned with hair salon owner/managers' perceptions of the influence of private and public funding on the performance of their businesses. In addition, the questionnaire be administered to the owner/managers of the Afro hair salons because they have the knowledge of the financial situation of their business and that of the different funding sources that they use. The researcher distributed the questionnaires to the owner/managers of the different Afro hair salons. The majority of the respondents completed the questionnaires at their own convenient times. There were, however, exceptional cases where respondents completed the questionnaire in the researcher's presence, which also afforded them the opportunity to ask questions about issues that they did not understand and the researcher clarified them.

3.7 DATA ANALYSIS

Data analysis is the system of applying statistical or logical techniques to interpret and make sense of research. According to Shamoo and Resnik (2003), data analysis describes the procedures that a researcher will follow to make inductive readings from the data and distinguish the phenomenon of interest from the statistical fluctuations in the present data. A descriptive and inferential statistics analysis is appropriate for this study as the study adopted a quantitative approach. The descriptive statistics analysis was used to determine the mean, mode, standard deviation of variables, then the inferential statistics analysis was used to test the relations of associations between concepts. T-tests were used to determine gender-based variations in responses, and lastly the Cronbach's Alpha was employed to determine the reliability of instrument items. The analysis will be done using the statistical package statistical package for the social sciences (SPSS).

Descriptive statistics are used to describe the characteristics of the study subjects (Neuman, 2011), while inferential statistics are used to make judgements that will be based on the sample data collected (Neuman, 2011). Descriptive statistics were presented using pie charts and tables, while inferential statistics allowed the researcher to calculate mean, standard deviations and develop frequency distributions. Finally, the relations of associations between variables were established through correlation analyses.

3.8 VALIDITY AND RELIABILITY OF THE STUDY

3.8.1 Ensuring Validity

Validity “determines whether the research truly measures that which it was intended to measure or how truthful the research results are” (Golafshani, 2003:599). For this study, the researcher set up a questionnaire that was largely informed by the relevant literature relating to each of the concepts that formed the foundation for this study. This helped ensured that the different dimensions of the concepts are well captured in each of the questionnaire items. Concise and relevant questions were posed to reduce the risk of ambiguity of the questions. More so, the researcher ensured content validity by sending the research instrument to the statistician and the main supervisor for review to make sure that all questions were clear, with those considered as obscure revised. The review also examined the comprehensiveness and inclusivity of each item on the questionnaire as well as eliminate any redundant questions. The statistician and supervisor comments were incorporated into the final questionnaire.

3.8.2 Ensuring Reliability

Golafshani (2003:598) defines validity as “the extent to which results are consistent over time and are an accurate representation of the total population under study”. If the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. De Vos et al. (2011) describe validity as whether the instrument used actually measures what it was intended to have measured. This study’s questionnaires were evaluated by a research expert and the main supervisor before being administered to the participants. A reliability test was also conducted by the statistician. The overall reliability statistics of the entire questionnaire, which includes all Likert scaled questions, are presented in Table 4.3. Generally, there was high internal consistency in the questionnaire as a whole, as shown in a Cronbach's Alpha level of 0.937.

3.9 ETHICAL CONSIDERATIONS

Ethics, which are the principles that govern an individual's behaviour or the conducting of an activity, are the branch of knowledge that deals with moral principles (Navran, 2010). Ethical considerations are important because they ensure the dependability of research results. The researcher first acquired ethical clearance first from the Faculty Research and Innovation Committee (FRIC) in the Faculty of Management Sciences and then sought consent from SMMEs owner/managers prior to conducting the research.

3.9.1 Voluntary participation

Any participation in the study should be voluntary and no one will be forced to participate in the study (De Vos, Strydom, Fourche & Delport, 2011). In this study, hair salon owner/managers were given the freedom to decide whether they wanted to participate in the study or not as it was within their right to decide what they wanted to do.

3.9.2 Informed consent

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

3.9.3 Confidentiality and anonymity

De Vos et al. (2011) states that confidentiality revolves around the handling of research information in a secretive manner. Data collected from the participants was not divulged to anyone and respondents were informed that research results would be reported in aggregate form to protect the individual identities of respondents. De Vos et al. (2011)

elaborate that anonymity means that no one should be able to identify any subjects afterwards including the researcher and they must not be aware of how a particular participant has responded to the questions asked.

3.9.4 Privacy

The participants have a right to privacy and can decide to reveal or not to reveal their personal information. The researcher refrained from forcing participants to reveal any confidential information that they do not want to reveal.

3.10 SUMMARY OF THE CHAPTER

This chapter discussed the research methodology that was adopted in the study. It outlined the quantitative approach that informed this study. The chapter further explained how data was collected and the instrument used to collect the data. Finally, the chapter discussed the data analysis methods and the ethical issues considered in the study.

CHAPTER FOUR: SMMES' SOURCES OF FINANCE AND THEIR INFLUENCE ON FIRM PERFORMANCE

4.1. INTRODUCTION

The focused on methodological foundation of this study, examined the relationships between types of funding and performance of small Afro hair salon businesses. This chapter, however, discusses the research findings on the relationship between private and public finance and firm performance. The purpose of this chapter, therefore, is twofold: firstly, it outlines the results of the data analysis, and secondly, it interprets and discusses these findings, whilst drawing on the mainstream literature covering private and public finance and enterprise performance.

4.2 RESPONSE RATE

Out of the 150 questionnaires which the researcher distributed to the afro hair salon owner/managers in the Mangaung Metropolitan Area in Bloemfontein, 110 were correctly completed and returned, representing a response rate of 73%. Bryman and Bell (2011) note that a response rate that is below 50% is not acceptable, which shows that a response rate of 73% secured in this study is adequate for data analysis. The 73% response rate for this study is indeed acceptable, especially after considering Bavdaz, Drnovsek and Dolinar's (2009) observation on the difficulty of achieving an overwhelming response rate during surveys on small business populations. More so, De Vos and Strydoms' (2005) claim that the minimum sample size for a population of 500 should be 100, makes the sample of 110 Afro hair salon owner/managers to be sufficient for making generalisations about the entire population of Afro hair salons in Bloemfontein, Botshabelo and Thaba Nchu Free Sate.

4.3. DEMOGRAPHICS

This section provides an overview of the demographic profile of the sample. The demographics information collected included the gender, age group and educational status of the respondents. Information on the nationality, role in the business, form of business, nature of the job, years of experience in management, years of experience on job, number of employees in the business, gross turnover per annum, return on investment for previous years and age of business, was also gathered in this section. Table 4.1 presents this biographical information of the respondents.

Table 4.1: Biographical information of the respondents

Biographical Information	Category	Frequency	Percentage
Q1. Gender	Female	51	46.4%
	Male	59	53.6%
Q2. Age	< 25 Years	12	10.9%
	25-34 Years	61	55.5%
	35-44 Years	27	24.5%
	45-54 Years	8	7.3%
	55 and Above	2	1.8%
Q3. Home Language	English	1	0.9%
	Afrikaans	3	2.7%
	Setswana	13	11.8%
	Sesotho	17	15.5%
	Xhosa	10	9.1%
	Zulu	5	4.5%
	Other Language	61	55.5%
Q4. Other Languages	Shona	30	49.2%
	Igbo	9	14.8%
	Swati	1	1.6%
	Hausa	8	13.1%
	Yoruba	8	13.1%
	Ndebele	3	4.9%
	Tsonga	2	3.3%
Q5. Nationality	SA Citizen	53	48.2%
	SA Perm Res	1	0.9%
	Non SA Citizen	56	50.9%

4.3.1 Gender composition of respondents

Table 4.1 illustrates a moderately balanced representation of male Afro hair salon owner/managers (53.6%) and female Afro hair salon owner/managers (46.4%). The comparatively higher participation of males in such business is surprising as the establishment and operation of hair businesses has traditionally been considered to be a female domain. This perhaps, shows the increased interest of males in such businesses. This finding, thus, contradicts other studies conducted on hair salon businesses in South Africa. For instance, Mosweunyane's (2013) survey on hair salon SMMEs owner/managers operating in the DR Ruth Segomotsi Mompati District Municipality area, in the North West Province of South Africa, revealed that a majority (60%) of the owner/managers were female, whilst 40% were male. Amoakoh's (2012) study on the status and influence of marketing research on the economic performance of hair salons found that 52% of owners were female and 48% were male. It is not clear whether the comparatively higher representation of males in this study could be attributed to regional differences in economic opportunities. Nevertheless, more males are entering into this business out of necessity or due to rising employment amount youth (Scottish Modern Apprenticeships, 2016).

4.3.2 Age distribution of respondents

As illustrated in Table 4.1, the majority of hair salon owner/managers in the Mangaung Metropolitan Area are young adults. About 55.5% of Afro hair salon owner/managers are a youthful population aged between 25-34 years, and this group is followed by the 35-44 years (24.5%) (See Table 4.1). A small percentage (10.9 %) was under 25 years, while another (7.3%) fell within the 45-54 years age bracket. The 55 and above age group comprised the lowest percentage (1.8 %). Hence, it can be interpreted that a majority of the respondents belong to the economically active population of the nation. This finding buttresses Mosweunyane's (2013) findings that the economically active groups normally establish and operate hair salons. Another study on SMMEs in the enterprise sector which was conducted by Woldie, Leighton and Adesua (2008) argues that the younger owner/managers normally possess the necessary motivation, energy and commitment to work and are more likely to take business risks than their older counterparts. The logic is that the older the owner/manager the higher the likelihood of them having reached his/her initial aspiration, hence their reluctance to initiate new business ventures.

4.3.3 Language composition of respondents

Table 4.1 illustrates that South Africa provides a complex and intriguing picture of linguistic diversity due to its broad spectrum of indigenous and non-indigenous languages and partly attributed to burden of the history of apartheid. The Table illustrates that there are 15.5% Sesotho speaking owner/managers in the hair salon industry in MMA. This language demographic clearly resonates with the South Africa Statistics Census (2011) which indicates that the main language spoken in the Free State is Sesotho. In fact this centrally located province within South Africa is generally known for Sesotho speaking people. South Africa Stats Census (2011) further reveals that the dominating languages in the Free State province are Sesotho (63%), followed by Afrikaans (13%), IsiXhosa (7%), Setswana (5%), IsiZulu (4%), English (3%), Sign Language (1 per cent) and all other languages (4 per cent).

The emergence of other languages in the Free State can be attributed to an influx of business oriented immigrants that start their businesses in South Africa. Kalitanyi and Visser (2010) observe that most foreign-owned SMMEs tend to operate in the hair salons and retail sector that gives services to the community. These businesses contribute significantly to the advancement of the economy.

4.3.4 Nationality of respondents

Based on Table 4.1 the majority (50.9%) of the hair salon owner/managers respondents were non-South Africans. There was a fair balance between foreign nationals (50.9%) and South African citizens (48.2%), although there were very few foreign nationals in this trade with South African Permanent residence status (0.9%). Although a sizable number of South African nationals are operating hair salons businesses, the statistics show that slightly greater number of foreign nationals are in this trade, even if those with national residence status were discounted. Kalitanyi and Visser (2010) maintain that foreign-owned SMMEs are a particularly significant element of the changing economy and landscape of different cities and conclude that foreign migrant involvement in the SMME sector of South Africa is visible in a narrow band of activities, mostly in retail or service than in production. The activities here involve inter alia operating hairdressing salons, selling curios, retailing ethnic clothes and foods and motor-car repairs/panel beating. The current study proves that some foreign-owned SMMEs are involved in hair salons.

4.3.5 Business or job profile

Business or job profile comprises the following: Business role, form of business, nature of job, highest academic qualification, years of experience in management, years of experience on the job, number of employees, gross turnover per annum and age of business.

Table 4.2 shows that the majority (61.8%) of the respondents come from businesses owned by sole proprietors, while 39% of the respondents are owner/managers. Most of the businesses have between two and five employees (47.3%) with only one business having more than twenty employees. Most SMMEs are owned by sole proprietors and the owners are often referred to as owner/managers with the employees of SMMEs being less represented. Table 4.2 also shows that a majority of the businesses had a turnover of less than R100 000, just as the majority (75.2%) of the businesses have been in existence for not more than six years.

Table 4.2: Business/Job profile

Business/Job Profile	Category	Frequency	Percentage
Business Role	Owner	27	24.50%
	Manager	20	18.20%
	Owner/Manager	43	39.10%
	Employee	20	18.20%
Form of Business	Sole Proprietor	68	61.80%
	Partnership	42	38.20%
Nature of Job	Stylists and Technicians	81	74.30%
	Receptionist	4	3.70%
	Salon assistant	23	21.10%
	Other	1	0.90%
Highest Academic Qualification	None	1	0.90%
	Primary School	4	3.60%
	Matric and below	38	34.50%
	Tertiary Certificate	37	33.60%
	Diploma/Degree	28	25.50%
	Postgraduate	2	1.80%
Years of Experience in Management	Below 1 Year	11	10.00%
	2-5 Years	56	50.90%
	6-10 Years	31	28.20%
	11-15 Years	6	5.50%
	16-20 Years	4	3.60%
	Over 20 Years	2	1.80%
Years of Experience on the Job	Below 1 Year	5	4.50%
	2-5 Years	52	47.30%
	6-10 Years	35	31.80%
	11-15 Years	12	10.90%
	16-20 Years	4	3.60%
	Over 20 Years	2	1.80%
Number of Employees	1 employee	17	15.50%
	2-5 employees	52	47.30%
	6-10 employees	34	30.90%
	11-15 employees	6	5.50%
	Above 20	1	0.90%
Gross Turnover per Annum	Below R100 000	93	84.50%
	Between R100 000 - R499 999	16	14.50%
	From R5 000 000 - R9 999 999	1	0.90%
Return on Investment for Previous Year	Loss making	21	19.10%
	Break even	46	41.80%
	up to 2%	35	31.80%
	3-5%	5	4.50%
	More than 5%	3	2.70%
Age of Business	1-3 Years	39	35.80%
	4-6 Years	43	39.40%
	8-10 Years	11	10.10%
	11-15 Years	9	8.30%
	More than 15 Years	7	6.40%

4.4 RELIABILITY ANALYSIS

A reliability test was used to test whether or not the variables used in this study were reliable. This test which uses Cronbach's alpha tests if the constructed questionnaire items were reliable. It tests whether or not the items used for a variable actually measure that particular construct. The Cronbach's alpha that is above 0.6 means that these variables are reliable and can be used for further statistical analysis.

Table 4.3: Reliability analysis

Reliability Statistics			
Cronbach's Alpha	N of Items		
0.937	165		
Case Processing Summary			
		N	%
Cases	Valid	88	80.0
	Excluded	22	20.0
	Total	110	100.0
a. Listwise deletion based on all variables in the procedure.			

The reliability of each construct that is based on the Likert scale is included under the section that the concerned construct is discussed. The overall reliability statistics of the entire questionnaire, which includes all Likert scaled questions, are presented in Table 4.3. Generally, there was high internal consistency in the questionnaire as a whole, (Cronbach's Alpha= of 0.937).

4.5 PRESENTATION, INTERPRETATION AND DISCUSSION OF RESEARCH RESULTS

This section focuses on the results of the statistical analysis and responds to the research questions formulated in this study. Descriptive statistics, such as tables, percentages and bar graphs, were used to present and illustrate these results.

4.6 COMPOSITION OF PRIVATE FINANCING (OBJECTIVE 1)

A summary of the nature of private and public financing that addresses the research question on the nature of funding sources for Afro hair salons and their impact on the performance of these firms is presented as yes/no question summaries and Likert scale question summaries. The Likert scaled questions are grouped into constructs which can be summarised as latent factors that are then used in the inferential analysis conducted later.

4.6.1 Start-up capital or working capital

The study also investigated where did the owner/manager acquire their start-up or working capital for the business and the options available were debt financing, equity financing, both debt and equity financing and SETA.

Table 4.4: Source of start-up capital

Where did you get funding for the start up or working capital for your business?				
	Debt Financing	Equity Financing	Both Debt and Equity	SETA
Frequency	40	16	52	2
Percentage	36.4%	14.5%	47.3%	1.8%

Table 4.4 shows that a sizable number of the businesses (47.3%) got their start-up capital from both debt and equity financing. The other businesses got their start-up capital from debt financing only (36.4%) and equity financing only (14.5%). Debt financing comes in the form of borrowings from friends and family or from the bank/micro credit. The higher debt financing, when compared to equity financing, seems to be inconsistent with Fatoki's

(2014) findings on the financing options for new small and medium enterprises in South Africa. Fatoki (2014) highlights, in concurrence with the firm life-cycle theory that, SMMEs should start operations with their internal equity before considering other sources of finance to enhance their credibility when sourcing external funding. On the contrary, the current study' finding on SMMEs' greater dependence on debt financing seem to mirror Feakins' (2005) research on trade creditors and commercial banks' lending to Polish SMEs, where debt financing for the start-up capital of SMMEs was the principal source of lending. These findings confirm that, although SMMEs secure their start-up capital from these three sources of funding, debt financing remains the major source of funding.

4.6.2 Source of debt financing

The study interrogated debt financing available to SMMEs using the Table 4.5 below.

Table 4.5: Source of debt financing

Have you ever borrowed finance from;	Yes	No	%Yes
Bootstrapping	21	88	19.3%
Trade credit	52	57	47.7%
*Matshonisa*s	56	54	50.9%
Community or group savings	58	52	52.7%
Micro credit firms	31	79	28.2%
Leasing companies	10	99	9.2%
NGOs	28	82	25.5%
Banks	55	55	50.0%
Other-Own money	2	108	1.8%

Table 4.5 shows the sources of for debt financing. The dominant source of debt financing is the community or group savings (52.7%), followed by the *Matshonisas*, who are the individuals who lend money for short durations at high interest rates, (50.9%) and then retail banks (50%). It is clear that most SMMEs have easy access to *Matshonisa* and community or group savings when they want to borrow money. The popularity of these two sources of funding can be attributed to their relaxed lending procedures such as the non-demanding of collateral from borrowers. Mutezo's (2005) study on SMME financial obstacles and Mahmoud's (2013) research into micro finance in Africa support the current findings as they highlight that micro finance lenders such as *Matshonisas* and community

or group savings play an important role in financing SMMEs which are financially excluded by the formal financial institutions.

The banks are another dominant source of funding, as 50.0% of the SMMEs borrowed from them. Such a scenario proves that some SMMEs have access to bank lending. This finding is surprising in view of the literature that often point out that many South African SMME owner/managers find difficulties with accessing micro lending owing to a lack of collateral (see Bukaliya & Aleck, 2012; Mazanai & Fatoki, 2012; Gichuki, Njeru & Tirimba, 2014). The current study's finding, however, buttresses Feakins' (2005) study on commercial bank's lending to SMMEs in Poland, which reports that banks play a significant contribution to SMME financing. The same finding also supports The Organisation for Economic Co-operation and Development (OECD) Report (2013), which highlighted the critical role of banks, equity markets and institutional investors in SMME long-term financing for growth and development. Hence, banks are indeed one of the major sources of finance for most SMMEs.

4.6.2.1 Extent of debt financing

The study also sought to establish the extent of debit financing among hair salon SMMEs by examining the degree to which they borrowed from these lenders.

Table 4.6 shows that a majority of the businesses have not received financing from bootstrapping (79.1%), NGOs (78.2%), leasing companies (78.9%) and micro credit firms (56.4%). This scenario can be attributed to most SMMEs' lack of interest in these sources of funding, insufficient information about their funding procedures due to poor marketing by these funding sources or the high costs of borrowing attached to them.

Table 4.6: Level of debt financing

Debt financing from private institutions		Frequency Distribution						Descriptives		Latent Factor Coefficient
		None borrowed	Least Lender	Moderate lender	Third biggest lender	Second biggest lender	Biggest lender	Mean	Std Dev	
Q21.1 Debt financing amount received from bootstrapping	Count	87	6	6	1	2	8	1.63	1.45	0.572
	%	79.1%	5.5%	5.5%	0.9%	1.8%	7.3%			
Q21.2 Debt financing amount received from Trade credit	Count	54	17	24	6	1	8	2.15	1.47	0.629
	%	49.1%	15.5%	21.8%	5.5%	0.9%	7.3%			
Q21.3 Debt financing amount from *Matshonisas*	Count	46	9	16	11	10	18	2.85	1.92	0.578
	%	41.8%	8.2%	14.5%	10.0%	9.1%	16.4%			
Q21.4 Debt financing amount from Community or group saving	Count	40	3	31	13	14	9	2.86	1.69	0.586
	%	36.4%	2.7%	28.2%	11.8%	12.7%	8.2%			
Q21.5 Debt financing amount from micro credit firms	Count	62	15	19	10	2	2	1.92	1.25	0.530
	%	56.4%	13.6%	17.3%	9.1%	1.8%	1.8%			
Q21.6 Debt financing amount from leasing companies	Count	86	11	6	2	2	2	1.43	1.03	0.545
	%	78.9%	10.1%	5.5%	1.8%	1.8%	1.8%			
Q21.7 Debt financing amount from NGOs	Count	86	6	4	8	1	5	1.61	1.33	0.574
	%	78.2%	5.5%	3.6%	7.3%	0.9%	4.5%			
Q21.8 Debt financing amount from banks	Count	39	13	18	16	14	7	2.76	1.68	0.240
	%	36.4%	12.1%	16.8%	15.0%	13.1%	6.5%			
	Cronbach's Alpha							0.632		
	% of total variation accounted for by latent factor							29.56%		

Alternatively, the dominance of many national and provincial government agencies that provide finance to SMMEs, such as the Small Enterprise Finance Agency (SEFA), may eclipse the visibility of the foresaid funding modalities. The Agency provides loan facilities directly to SMMEs operating in all sectors of the economy and administers the credit guarantee scheme. The scheme also issues a range of credit guarantee products to lenders (commercial banks and other financial institutions) for SMME borrowers whose access to finance is impeded by the fact that they do not have collateral required by the lenders (Small Enterprise Finance Agency, 2014).

Most of the businesses claim to have received funding from *Matshonisa*s, community or group savings and debt financing from banks, which shows that SMMEs have easy access to these forms of financing. According to Rwigema and Venter (2004) and Mashigo (2012), most lenders such as *Matshonisa*s and community or group savings are located in the former black African townships and hence easily accessible to SMME owner/managers. In fact, SMMEs see community or group savings as the most important source of funding to them even though commercial banks are known as alternative sources of debt financing for SMMEs (Fatoki, 2014).

4.6.3 Attractiveness of interest rates on debt financing

The study also investigated the attractiveness of interest rates charged on debt financing borrowed by SMMEs from different sources.

Table 4.7: Attractiveness of interest rates for debt financing

Attractiveness of interest rates (debt financing)		Frequency Distribution					Descriptives		**Latent Factor** Coefficients
		Least Attractive Lender	Moderately Attractive Lender	Attractive Lender	Second Best Attractive Lender	Most Attractive Lender	Mean	Std Dev	
Q23.1 Attractiveness of interest rates charged by bootstrapping	Count	87	8	6	1	8	1.50	1.14	0.166
	%	79.1%	7.3%	5.5%	0.9%	7.3%			
Q23.2 Attractiveness of interest rates by trade credit	Count	50	27	22	4	7	2.01	1.18	0.364
	%	45.5%	24.5%	20.0%	3.6%	6.4%			
Q23.3 Attractiveness of interest rates by *matshonisa*'s	Count	45	9	16	18	22	2.66	1.61	0.273
	%	40.9%	8.2%	14.5%	16.4%	20.0%			
Q23.4 Attractiveness of interest rates by Community or group savings	Count	41	9	29	24	7	2.52	1.35	0.729
	%	37.3%	8.2%	26.4%	21.8%	6.4%			
Q23.5 Attractiveness of interest rates by micro credit firms	Count	59	25	21	3	2	1.76	0.98	0.732
	%	53.6%	22.7%	19.1%	2.7%	1.8%			
Q23.6 Attractiveness of interest rates by leasing companies	Count	83	21	5	1	0	1.31	0.60	0.697
	%	75.5%	19.1%	4.5%	0.9%	0.0%			
Q23.7 Attractiveness of interest rates by NGOs	Count	77	11	14	5	2	1.57	1.00	0.582
	%	70.6%	10.1%	12.8%	4.6%	1.8%			
Q23.8 Attractiveness of interest rates by banks	Count	43	21	21	16	8	2.31	1.32	0.567
	%	39.4%	19.3%	19.3%	14.7%	7.3%			
	Cronbach's Alpha						0.620		
	% of total variation accounted for by latent factor						30.59%		

4.6.3.1 Bootstrapping

As shown in Table 4.7, bootstrapping is the least preferred source of financing because it is the least attractive lender owing to the 79.1% interest rate charged. The unpopularity of bootstrapping may also be attributed to Afro hair salon owner/managers' lack of awareness of what bootstrapping actually entails and how they can use it to gainfully finance their businesses. Bootstrapping, here, involves creative ways of funding through the avoidance of complicated internal funding mechanisms (Ebben & Johnson, 2006). Nonetheless, the finding corresponds with Winborg's (2008) claim that enterprises use bootstrapping when they have limited internal or external funding.

4.6.3.2 Leasing companies

More so, most Afro hair salon SMMEs considered leasing companies as the least preferred funding source (75.5%), as a result of their interest rates. A report on the importance of leasing for SMME finance conducted by Kraemer and Lang (2012) notes that leasing companies enable borrowers (SMMEs) with a limited track record/credit histories and collateral to access the use of capital equipment, even in cases where they do not qualify for commercial lending from other financial institutions. The unpopularity of leasing companies, as sources of a SMME financing, can be attributed to the SMMEs' owner/managers' lack of information about such a funding source (Ackah & Vuvor, 2011). The lack of knowledge of different funding options can compromise the capacity of the business to grow as it exposes such entities to expensive funding models.

4.6.3.3 NGOs

The table also reflects that 70.6% of the SMMEs regarded NGOs as least attractive funding sources owing to the interest rates they levied. The unattractiveness of NGO funding could be attributed to the high interest rates that they charge on the principal amounts lend to borrowers. Mutezo's (2005) study on obstacles in the SMME finance and Nikkhah and Redzuan's (2010) on the impact of NGO' functions, research indicate that

NGOs serve as subsidiaires or intermediaries of donor institutions that offer a limited range of products to help SMMEs. Similarly, Bromideh's (2011) investigation into the widespread challenges of NGOs in developing countries suggests that the unpleasantness of NGOs is caused by the unattractiveness of the interest rates charged on funding.

4.6.3.4 Matshonisa

A sizeable number of the respondents (20%) rank *Matshonisa*s as the most attractive lender. Compounding all the different categories for attractiveness, the percentage increases to (50.9%). The attractiveness of *Matshonisa*s to most SMME owner/managers can be attributed to the former's proximity which increases accessibility to these entrepreneurs, and their uncomplicated borrowing procedures even through their interests are often higher than those charged on banking loans. This finding is in agreement with Nunez, Forrester and De Wet's (2008) findings that most people value the accessibility of *Matshonisa*s and the fact that the provision of collateral is not necessary even though the interests are very high.

4.6.4 Source equity financing

The study also interrogated the forms of equity financing available for hair salon SMMEs in MMA. The study sought to establish if hair salons borrowed from these different sources of equity financing.

Table 4.8: Source of equity financing

Have you ever borrowed finance from;	Yes	No	%Yes
Entrepreneur and team members	25	85	22.7%
Friends and family	90	20	81.8%
Business angels	13	97	11.8%
Venture capitalist	9	101	8.2%

4.6.4.1 Sources of equity financing

Table 4.8 shows the different sources of equity financing. Family and friends are the dominant source of equity financing (81.8% of SMMEs borrowed from them). They are first preference to SMME owner/managers because entrepreneurs are closest to the family and friends and hence the most accessible source for funding for new or existing SMMEs. Fatoki's (2014) study on financing options states that it is important for the firm owner/manager to have some personal funds and/personal assets in the enterprise to ensure access to finance from a bank or any credit provider. In addition, a contribution from friends and family is an important source of financing for new or existing SMMEs.

The second highest source of equity funding (22.7% of SMMEs used this source) is the contribution from the entrepreneur and team members, which suggests some personal or group investment into the SMMEs. Mason and Harrison (2013) found out that entrepreneur and team members may invest their assets in high risk return enterprises in exchange for the firm's equity. Such high risk investments could be to the benefit of small businesses which find access to funding an insurmountable task.

4.6.4.2 Extent of equity financing

The study also examined the extent of access to equity funding by interrogating the extent to which SMMEs borrowed from these sources.

Table 4.9: Extent of equity financing

Equity financing from private institutions		Frequency Distribution						Descriptives		Latent Factor Coefficients
		None borrowed	Least Lender	Moderate lender	Third biggest lender	Second biggest lender	Biggest lender	Mean	Std Dev	
Q22.1 Equity financing amount from entrepreneur and team members	Count	89	10	7	3	1	0	1.34	0.79	0.648
	%	80.9%	9.1%	6.4%	2.7%	0.9%	0.0%			
Q22.2 Equity financing from friends and family	Count	31	13	31	18	6	11	2.89	1.59	0.222
	%	28.2%	11.8%	28.2%	16.4%	5.5%	10.0 %			
Q22.3 Equity financing from business angels	Count	85	11	5	6	2	0	1.43	0.95	0.821
	%	78.0%	10.1%	4.6%	5.5%	1.8%	0.0%			
Q22.4Equity financing from venture capitalist	Count	91	5	10	2	2	0	1.35	0.86	0.868
	%	82.7%	4.5%	9.1%	1.8%	1.8%	0.0%			
	Cronbach's Alpha							0.478		
	% of total variation accounted for by latent factor							47.41%		

Table 4.9 indicates that a majority of businesses did not receive equity financing from venture capitalists (82.7%). Venture capitalists do not want to invest their money in SMMEs probably because these enterprises are often characterised by a high failure rate. JTB Consulting (2016), which draw on a study conducted by The Small Enterprise Development Agency, reports that South Africa has one of the highest failure rates of new SMMEs in the world, and thus indicating the nature of failure of some of the new and existing South African SMMEs. The report demonstrates that 75% of new SMMEs fail within their first year. Cobbett (2008) confirms this reluctance equity funder to invest in SMMEs in the claim that the venture capital firms make equity investments in SMMEs with an opportunity for growth and avoid investing in wrong or failed SMMEs.

Findings in the table 4.9 suggest that most business (80.9%) did not receive equity financing from entrepreneurs and team members. This is surprising as entrepreneurs and team members would be expected to invest in their SMME business over and above different forms of borrowings. The finding supports the view that most SMMEs have challenges in raising money through personal savings and investment (Gbandi & Amissah, 2014). Cooney (2012), focusing on entrepreneurship skills for growth-orientated businesses, states that entrepreneur and team members invest money in small businesses but invest a small portion on these businesses.

Most SMMEs (78.0%) did not receive equity funding from business angels. It can be assumed that most business angels are reluctant to invest in high risk businesses for fear of losing their money. In view of the high failure rate of new start-ups, the general unwillingness of these business angels to invest in SMMEs is indicative of their risk averse behaviour. This finding contradicts with the observations by Mason and Harrison (2013) and Fatoki (2014) that business angels invest their assets in high risk/high return entrepreneurs or SMMEs, as well as in new or existing SMMEs in exchange for a portion of the firm's equity.

Equity financing came mainly from friends and family (31.9%). Most hair salon start-ups rely mainly on donations/support from family or friends. This finding is in consonance with Ou and Hyne's (2006) study on the acquisition of additional equity and Ebiringa's (2011) synthesis of literature on small and medium enterprise start-up financing realised from family and friends' contributions, which is considered as an important source of new and existing SMMEs. The same studies affirm that using funding from friends and family has advantages such as providing the owner/manager with a flexibility that enables avoiding legal, underwriting and accounting costs.

4.6.5 Attractiveness of interest rates on equity financing

The study also interrogated the SMMEs' perceptions on the attractiveness of interests charged on equity financing.

Table 4.10: Attractiveness of interest rates for equity financing

Attractiveness of interest rates (equity financing)		Frequency Distribution: Least Attractive Lender	Moderately Attractive Lender	Attractive Lender	Second Best Attractive Lender	Most Attractive Lender	Descriptives: Mean	Std Dev	Latent Factor Coefficients
Q24.1 Attractiveness of interest rates by entrepreneur and team members	Count	87	11	8	3	1	1.36	0.81	0.734
	%	79.1%	10.0%	7.3%	2.7%	0.9%			
Q24.2 Attractiveness of interest rates by friends and family	Count	27	14	32	19	18	2.88	1.39	0.183
	%	24.5%	12.7%	29.1%	17.3%	16.4%			
Q24.3 Attractiveness of interest rates by Business angels	Count	85	10	4	10	1	1.47	0.99	0.851
	%	77.3%	9.1%	3.6%	9.1%	0.9%			
Q24.4 Attractiveness of interest rates by venture capitalist	Count	90	9	7	3	1	1.33	0.79	0.803
	%	81.8%	8.2%	6.4%	2.7%	0.9%			
	Cronbach's Alpha						0.512		
	% of total variation accounted for by latent factor						48.51%		

4.6.5.1 Venture capitalist

Table 4.10 shows that 81.8% of the hair salon SMME owner/managers are of the view that venture capitalists charge the least attractive interest rates on equity financing. The high interest rates charged by venture capitalists on SMMEs can be attributed to their reluctance to lent money to small businesses with a low annual revenue growth prospects and small number of employees, a category in which most hair salons fall. This finding supports Fatoki's (2014) investigation on the financing options for new small and medium enterprises in South Africa, which indicates that venture capitalists invest their money in firms that show growth. The most compelling evidence on venture capital is evident in Amborse's (2012) study on Kenya's Micro Small and Medium Enterprises (MSME), which indicates that a venture capitalist naturally expects a 20-50% annual return on the capital that they would have invested in small businesses at the time they are bought out. The study highlights that three general criteria must be fulfilled before a venture capitalist commits funds to an entrepreneur and these are:

- The company must have strong management team with solid experience and strong commitment to a company,

- The product /market opportunity must be unique having a differential advantage in a growing market and be able to secure a unique market niche and,
- The business opportunity must have significant capital appreciation ranging between 40 to 60% Return on Investment (ROI).

Therefore, the ability to invest in small businesses is determined by the above-noted criteria.

4.6.5.2 Entrepreneur, team members and business angels

The table also shows that 79.1% and 77.3% of hair salon owner/managers considered the interest rates offered by the entrepreneur and team members, and business angels as least attractive, respectively. Normally, small entrepreneurs and their teams may not fund hair salon businesses because of the former's lack of money to effect self-financing (William & Ramana, 2009) and if they do they will charge high interest rates. Business angels' interest rates are unattractive to Afro hair salons because they are usually too high owing to high risk of financing small ventures (Ehlers, 2014). This finding about the unattractiveness of the interest rates, due to the risk of failure, complements Fatoki's (2014) views that entrepreneur, team members and business angels invest part of their assets in high risk/high return enterprises and in promising firms in exchange for a portion of the firm's equity. Therefore, there is a clear difference between venture capitalists and business angels. According to Ambrose (2012), business angels are less visible and difficult to find, while venture capital funds tend to be more visible.

4.6.5.3 Friends and family

Friends and family are considered to be comparatively more attractive (that is 62.8%) to other funding sources. They are attractive because they do not normally charge interest rates to owner/managers of Afro hair salons, or if they do, their charges are very low. Quaye and Sarbah (2014) argue that contributions from family and friends are an alternative source of finance for SMME operators and such finance is an important most common source of finance for the poor.

4.6.6 Accessibility of funding for debt financing

The study also investigates the owner/manager access to their combinations of debt financing for their enterprise.

Table 4.11 shows that funding from leasing companies is the least accessible form of debt financing (75.5% indicating that it is not accessible), closely followed by bootstrapping (69.1% indicated that it is not accessible), NGO funding (68.2%) and micro-credit financing (51.8%). These are considered as inaccessible because they are the least common forms of funding available to SMMEs, and individuals have difficulties in accessing funds from them. This finding resonates with the Entrepreneurial Activities in Europe's (2014) study which provides evidence from across the European Union indicating that obtaining finance for business start-up is a major obstacle.

4.6.6.1 Matshonisa

Matshonisa funding is deemed to be the most accessible debt funding as 58.2% of hair salon owner/managers indicated that it ranges from "sometimes accessible" to "most accessible" As shown in Table 4.11. The *Matshonisa*s charge high interest rates on their loans, but are nonetheless easily accessible to SMMEs because they predominantly operate in the townships, a view also supported by Rwigema and Venter's (2004).

Table 4.11: Accessibility of funding for debt financing

Combinations of funding options most accessible (debt financing)		Frequency Distribution						Descriptives		Latent Factor Coefficients
		Not accessible	Less accessible	Sometimes accessible	Moderately accessible	Fairly accessible	Most accessible	Mean	Std Dev	
Q25.1 Accessibility of bootstrapping funding	Count	76	12	10	5	7	0	1.68	1.20	0.482
	%	69.1%	10.9%	9.1%	4.5%	6.4%	0.0%			
Q25.2 Accessibility of trade credit funding	Count	40	21	24	18	7	0	2.37	1.30	0.562
	%	36.4%	19.1%	21.8%	16.4%	6.4%	0.0%			
Q25.3 Accessibility of *Matshonisas*' funding	Count	45	1	24	17	18	5	2.79	1.69	0.518
	%	40.9%	0.9%	21.8%	15.5%	16.4%	4.5%			
Q25.4 Accessibility of community or group savings funding	Count	32	7	34	19	15	3	2.88	1.48	0.443
	%	29.1%	6.4%	30.9%	17.3%	13.6%	2.7%			
Q25.5 Accessibility of micro credit firms funding	Count	57	21	16	11	5	0	1.96	1.22	0.705
	%	51.8%	19.1%	14.5%	10.0%	4.5%	0.0%			
Q25.6 Accessibility of leasing companies funding	Count	83	12	11	4	0	0	1.42	0.82	0.718
	%	75.5%	10.9%	10.0%	3.6%	0.0%	0.0%			
Q25.7 Accessibility of NGO funding	Count	75	12	13	7	2	1	1.65	1.12	0.682
	%	68.2%	10.9%	11.8%	6.4%	1.8%	0.9%			
Q25.8 Accessibility of Bank funding	Count	36	10	26	25	12	1	2.73	1.45	0.520
	%	32.7%	9.1%	23.6%	22.7%	10.9%	0.9%			
	Cronbach's Alpha							0.701		
	% of total variation accounted for by latent factor							34.51%		

4.6.6.2 Community or group savings

Community or group savings funding is also a popular source of funding as 64.5% of SMME owner/managers considered it to be accessible. The relative accessibility of this funding to owner/managers of SMMEs can be attributed to some entrepreneurs' contribution to community/group saving. Community members and owner/managers of SMMEs can contribute some monthly instalments that all members have consecutive access to either monthly or weekly. This finding is inconsistent with Rwigema and Venter's (2004) claim that *stokvels*' mandate is not to bestow loans to individual clients but rather to distribute the collective contributions of the members of that particular stokvels. Andrew Lukhele, founder and President of the National Stokvels Association of South Africa (NASASA) defines *stokvels* as "a type of credit union in which a group of people enter into an agreement to contribute a fixed amount of money for to a common pool weekly, fortnightly or monthly" (Lukhele, 1990:4). Stokvel members enjoy a considerable latitude in their investment options from their group contributions, as a result, one would expect members who are also entrepreneurs to negotiate the lending process in support of their small businesses.

4.6.7 Accessibility of funding for equity financing

The study also investigated the owner/managers' access to combinations of equity financing for their SMMEs.

Table 4.12: Accessibility of funding for equity financing

COMBINATIONS OF FUNDING OPTIONS MOST ACCESSIBLE (EQUITY FINANCING)		Frequency Distribution						Descriptives		Latent Factor Coefficients
		Not accessible	Less accessible	Sometimes accessible	Moderately accessible	Fairly accessible	Most accessible	Mean	Std Dev	
Q26.1 Accessibility of entrepreneur and team members funding	Count	84	9	14	2	1	0	1.43	0.85	0.801
	%	76.4%	8.2%	12.7%	1.8%	0.9%	0.0%			
Q26.2 Accessibility of friends and family funding	Count	26	11	29	26	11	6	3.03	1.49	0.098
	%	23.9%	10.1%	26.6%	23.9%	10.1 %	5.5%			
Q26.3 Accessibility of business angel funding	Count	84	4	14	4	4	0	1.55	1.08	0.801
	%	76.4%	3.6%	12.7%	3.6%	3.6%	0.0%			
Q26.4 Accessibility of venture capitalist funding	Count	87	8	13	1	1	0	1.37	0.80	0.819
	%	79.1%	7.3%	11.8%	0.9%	0.9%	0.0%			
	Cronbach's Alpha							0.491		
	% of total variation accounted for by latent factor							49.11%		

4.6.7.1 Venture capitalist

The most inaccessible form of equity financing, as depicted in Table 4.12, is venture capital funding. A total of 79.1% of the respondents indicated that it is not accessible. This inaccessibility is attributed to the venture capitalists' reluctance to invest in enterprises that have no evidence of high profitability, employment or a better sale growth. As discussed above in Table 4.10, venture capitalists only invest in enterprises that show potential growth and where they expect high returns from their investment into small businesses.

4.6.7.2 Entrepreneur, team members and business angel

In addition, the table shows that venture capital's inaccessibility is followed by that of entrepreneur and team members' funding (74.6%) and business angel funding (76.4%). The limited financial base of SMMEs often complicates their capacity to finance other SMMEs (International Finance Corporation (IFC), 2010). The latter form of funding inaccessibility can be attributed to the SMMEs owner/managers' limited knowledge about these funding options. A study conducted by McKaskill (2009) reveals that business angels suffer from lack of exposure and as such very little is known about them. Thus, business angels may be willing to invest money into small businesses and yet owner/managers' unrealistic expectations about such funding can frustrate the business angels.

4.6.7.3 Friends and family

The table also shows that only 23.9% indicated that funding from friends and family is inaccessible, the smallest percentage of inaccessibility when compared to the other three sources of funding for equity financing. This funding source is thus deemed to be the most accessible form of equity financing. This finding is supported by Fatoki (2014) who acknowledges friends and family funding as an important financial source for most

SMMEs. Therefore, funding from friends and family is always available to SMMEs as these social connections play a huge role in financing SMME owner's businesses.

4.6.8 Effects of gender on accessibility to private funding.

The study also investigated the effects of gender on accessibility of private funding.

Table 4.13: T-tests for differences in mean levels of accessibility to private finance

Private Funding accessibility	Gender	Summary Statistics			t-tests		
		N	Mean	Std. Deviation	t	df	p-value
Accessibility of funding for Private debt Financing	Female	51	2.228	0.788	0.544	108	0.588
	Male	59	2.150	0.708			
Accessibility of funding for Private Equity Financing	Female	50	1.945	0.700	1.388	107	0.168
	Male	59	1.763	0.669			
Financial Value of funding from Private Institutions (Banks)	Female	51	1.701	0.673	1.846	105	0.068
	Male	56	1.480	0.564			

To compare the levels of accessibility of private funding by gender t-tests were used. The difference between male and female mean levels of accessibility to private funding was analysed and the results are presented in Table 4.13. The results show that there is no significant difference between males and females as far as accessibility of funding for private debt financing is concerned (t=0.544, df=108, p-value=0.588). There is no significant difference between males and females as far as accessibility of funding for private equity financing is concerned (t=1.388, df=107, p-value=0.168). There is no significant difference between males and females as far as financial value of funding from private Institutions (Banks) is concerned (t=1.846 df=105, p-value=0.068). This implies that the claims in literature about gender-based discrimination when it comes to funding are unfounded (International Finance Corporation, 2006; Buckley, 2014). However, there is information to suggest that there may be regional differences in the availability of private funding especially of venture capital (Chen, Gompers, Kovner and Lerner, 2009; National Venture Capital Association NVCA, 2012).

4.6.9 Bank services covering financing

The study also examined the different services used to finance small businesses. The findings are presented in Table 4.14.

Table 4.14: Bank service options used to cover financing

Financing by:	Yes	No	%Yes
27.1. Overdraft facility	53	57	48.2%
27.2. Term loans	49	61	44.5%
27.3. Trade bill financing	12	98	10.9%
27.4. Leasing companies	7	103	6.4%
27.5. Export and import finance	8	102	7.3%
27.6. Government loan schemes	8	102	7.3%

4.6.9.1 Bank service options

Table 4.14 summarises the types of bank service options that were used to cover business financing. The overdraft banking facility is the most used financing as 48.2% of hair salon business owner/managers used it. SMMEs owner/managers prefer to use the overdraft facility as it allows them to make transactions even if the amount available on the account is insufficient. This finding is in agreement with the BMG Research Report's (2013) which states that SMMEs have an emergency plans, such as savings, overdrafts and credit cards, which they use to cover shortages in their cash flows and in most cases to finance their businesses.

4.6.9.2 Term loans

About 44.5% of hair salons used term loans from banks for financing their businesses. This finding contradicts the BMG Research Report's (2013) claim that SMMEs seeking working capital are more likely to use bank overdraft or credit card finance. The study's finding suggests that SMMEs looking to purchase assets most commonly seek term loans, followed by leasing or hire purchase. This finding provides support to the fact that small businesses seeking finance for their growth depend mainly on bank overdrafts or bank term loans. Those SMMEs that need finance to start an enterprise also tend to seek bank term loans.

4.6.10 Finance value obtained from private institutions

The study also investigated the value of funding acquired from different funding options.

Table 4.15: Financial value of private funding from institutions

Financial value of private funding from institutions		Frequency Distribution					Descriptives		**Latent Factor** Coefficients
		Below R9 000	R10 000 – R19 999	R20 000 – R49 999	R50 000 – R99 999	Above R100 000	Mean	Std Dev	
Q28.1 Financial value obtained from bootstrapping	Count	93	3	7	0	7	1.41	1.07	0.286
	%	84.5%	2.7%	6.4%	0.0%	6.4%			
Q28.2 Financial value from trade credit	Count	69	16	18	1	6	1.72	1.12	0.450
	%	62.7%	14.5%	16.4%	0.9%	5.5%			
Q28.3 Financial value from *Matshonisas*	Count	68	16	8	6	12	1.89	1.38	0.384
	%	61.8%	14.5%	7.3%	5.5%	10.9%			
Q28.4 Financial value from community or group savings	Count	66	20	11	8	5	1.78	1.17	0.699
	%	60.0%	18.2%	10.0%	7.3%	4.5%			
Q28.5 Financial value from micro credit firms	Count	86	11	8	4	0	1.36	0.78	0.714
	%	78.9%	10.1%	7.3%	3.7%	0.0%			
Q28.6 Financial value from leasing companies	Count	92	11	5	1	0	1.22	0.57	0.797
	%	84.4%	10.1%	4.6%	0.9%	0.0%			
Q28.7 Financial value from NGOs	Count	91	7	7	2	3	1.35	0.89	0.736
	%	82.7%	6.4%	6.4%	1.8%	2.7%			
Q28.8 Financial value from banks	Count	61	10	16	15	7	2.06	1.36	0.689
	%	56.0%	9.2%	14.7%	13.8%	6.4%			
	Cronbach's Alpha						0.729		
	% of total variation accounted for by latent factor						38.52%		

4.6.10.1 Matshonisa

Table 4.15 shows that the highest amounts of private funding were obtained from *Matshonisa*s funding with 10.9% of the respondents claiming to have obtained above R100 000 from this facility. The high interest loans charged by the *Matshonisa*s could explain their willingness to extend huge amounts of loans on short term basis to hair salon SMMEs. A report by Business Case on how Microfinance can be delivered in a sustainable manner in South Africa (2007) states that *Matshonisa* are a form of credit approval and risk mitigation involving highly irregular terms and conditions and interest, with repayment amounts sometimes reaching twice the original price. In some extreme cases, loans are advanced, and the *Matshonisa*s keep borrowers' identity documents and savings cards as collateral security to ensure control of funds when they become available.

4.6.10.2 Bootstrapping

The least amount of private funding was sought from bootstrapping with 84.5% of the respondents claiming to have obtained less than R9 000 from it. The lack of clarity on what it means as well as the business owner/managers' lack of awareness of the facility might be reasons for its low profile compared to other funding sources. This finding contradicts literature on the easiness and convenience with which business owners can access bootstrapping funds. For instance, Howard, Auken and Neeley's (1996) found out that bootstrapping financing has the advantage of ease of access through the use of credit cards, is convenient as noted in accessing loans from life insurance, and demands few requirements, such as a home equity line of credit. In addition, bootstrap sources of financing do not require a business plan or collateral. SMMEs that are not able to secure start-up capital from traditional sources may subsequently rely on bootstrap sources and raise greater initial capital.

4.7 COMPOSITION OF PUBLIC FINANCING (OBJECTIVE 2)

This section summarises the usage of public funding by the respondents of this research.

4.7.1 Accessibility of public funding

The study investigated the accessibility of funding from public institutions by SMMEs. The results are presented in Table 4.16 below.

Table 4.16: Accessibility of public funding institutions

Public institutions where most of the seed funding had been accessed		Frequency Distribution: Not accessible	Less accessible	sometimes accessible	Moderately accessible	Fairly accessible	Most accessible	Descriptives: Mean	Std Dev	**Latent Factor** Coefficient
Q29.1 Accessibility of Khula enterprise funding	Count	82	13	9	3	2	1	1.48	0.99	0.819
	%	74.5 %	11.8%	8.2%	2.7%	1.8%	0.9%			
Q29.2 Accessibility of NYDA funding	Count	39	15	20	14	16	5	2.71	1.62	0.508
	%	35.8 %	13.8%	18.3%	12.8%	14.7%	4.6%			
29.3 Accessibility of SEDA funding	Count	45	19	20	17	6	3	2.35	1.42	0.653
	%	40.9 %	17.3%	18.2%	15.5%	5.5%	2.7%			
Q29.4 Accessibility of Tsumisano trust funding	Count	82	10	15	3	0	0	1.45	0.83	0.847
	%	74.5 %	9.1%	13.6%	2.7%	0.0%	0.0%			
Q29.5 Accessibility of Public credit schemes funding	Count	74	21	12	2	0	1	1.51	0.88	0.780
	%	67.3 %	19.1%	10.9%	1.8%	0.0%	0.9%			
Q29.6 Accessibility of government agencies funding	Count	75	16	13	3	2	1	1.58	1.03	0.897
	%	68.2 %	14.5%	11.8%	2.7%	1.8%	0.9%			
Q29.7 Accessibility of provincial government funding	Count	64	18	22	2	4	0	1.76	1.07	0.741
	%	58.2 %	16.4%	20.0%	1.8%	3.6%	0.0%			
	Cronbach's Alpha							0.844		
	% of total variation accounted for by latent factor							57.63%		

The results in Table 4.16 show that the most accessible public institution funding is NYDA as noted by 19.3% of the respondents. The accessibility of the NYDA is attributable to its responsibility for the financing of youth development programmes and their entrepreneurship careers. This finding on the popularity of NYDA is in consonance with the National Credit Regulator Report (2011) which states that the NYDA assists the youth with career skills, helps them to start their own businesses, gives out loans and supports small businesses through business training. Since the NYDA was specifically designed to serve South African nationals, it is plausible that those who regarded it as most accessible were local citizens. This claim about accessibility resonates with NYDA's (2016) mission to provide financial support to new ventures or established businesses seeking to expand their operations, even though such funding is only available to South African citizens only.

About 35.8% of hair salons businesses, however, indicated that the NYDA it is not accessible. It is plausible that most Afro hair salons owned by foreign immigrants could have responded this way as they are considered ineligible for public funding hence their inability to access government funding. This statement clearly shows that foreign immigrants are left out from the funding, which is unfair to them as they make economic contributions through income generation and job creation.

4.7.1.1 Khula Enterprise and Tsumisano

Khula Enterprise and Tsumisano trust funding are the least accessible public funding institutions, as indicated by 74.5% of the respondents who viewed them as least accessible in both cases. Most salons are owned by foreign migrants who are ineligible for such public funds, which may explain the difficulties of these owner/managers in accessing these institutions. However, the fact that the National Credit Regulator (2011) highlights Khula and Tsumisano trust as organisations that operate across the public and private sectors through a network of channels to supply funding to small businesses runs contrary to their inaccessibility to foreign owned business. Ideally these institutions' servicing of the private sector would be envisaged to cover foreign owned businesses as well.

4.7.2 Financial value of public funding

The study also investigated the actual financial value, in Rands, obtained from the different public funding institutions as shown in Table 4.17.

Table 4.17: Financial value of public funding

FINANCIAL VALUE OF PUBLIC FUNDING OBTAINED		Frequency Distribution: Below R9000	R10 000 – R19 000	R20 000 – R49 000	R50 000 – R99 999	Above R100 000	Descriptives: Mean	Std Dev	**Latent Factor** Coefficient
Q30.1 Financial value of Khula enterprise finance	Count	92	7	8	2	1	1.30	0.76	0.622
	%	83.6%	6.4%	7.3%	1.8%	0.9%			
Q30.2 Financial value of NYDA funding	Count	53	18	21	5	13	2.15	1.38	0.704
	%	48.2%	16.4%	19.1%	4.5%	11.8%			
Q30.3 Financial value of SEDA funding	Count	68	10	16	10	6	1.87	1.27	0.711
	%	61.8%	9.1%	14.5%	9.1%	5.5%			
Q30.4 Financial value of Tsumisano trust	Count	95	8	4	3	0	1.23	0.64	0.843
	%	86.4%	7.3%	3.6%	2.7%	0.0%			
Q30.5 Financial value of public credit scheme funding	Count	93	9	4	4	0	1.26	0.70	0.798
	%	84.5%	8.2%	3.6%	3.6%	0.0%			
Q30.6 Financial value of government agencies	Count	95	6	3	3	3	1.30	0.87	0.663
	%	86.4%	5.5%	2.7%	2.7%	2.7%			
	Cronbach's Alpha						0.789		
	% of total variation accounted for by latent factor						52.91%		

4.7.2.1 NYDA

According to Table 4.17, NYDA funding provided the largest value of funding as 11.8% of the respondents indicated that they had received funding of more than R100 000. As a public institution, NYDA is mandated to provide funding and management to youth who want to start SMMEs. This finding seems to be coherent with the NYDA Report (2016) that a R2.7 billion fund was allocated in 2016 to kick start business activities by young entrepreneurs. This fund provides loans at prime rates of less 3% to small businesses that operate in industries falling within the Industrial Development Corporation (IDC) and Small Enterprise Finance Agency (SEFA) mandates the youth-owned businesses can access grant funding from NYDA ranging from R1 000.00 up to R100 000.00. This proves that SMMEs are able to get funding of R100 000.

4.7.2.2 Tsumisano and Government agencies

Tsumisano trust and government agencies provided the least value of funding and this is reflected by 86.4% of the respondents who indicated that they got below R9 000 in funding. The inaccessibility of this institution can be a consequence of a complicated application process and demands for considerable amounts of information required to process their applications for funding.

4.7.3 Extent of public funding

The study also examined the amounts that were extended by the different public institutions to small enterprises. Table 4.18 summarises these findings.

Table 4.18: Extent of public funding

Amounts extended by public institutions		Frequency Distribution					Descriptives		**Latent Factor** Coefficient
		Least lender	Moderate lender	Third biggest lender	Second biggest lender	Biggest lender	Mean	Std Dev	
Q31.1 Khula enterprise finance as preferred lender	Count	89	11	4	5	0	1.31	0.75	0.666
	%	81.7%	10.1%	3.7%	4.6%	0.0%			
Q31.2 NYDA as preferred lender	Count	41	14	15	16	24	2.71	1.60	0.453
	%	37.3%	12.7%	13.6%	14.5%	21.8%			
Q31.3 SEDA as preferred lender	Count	54	17	20	14	5	2.08	1.26	0.502
	%	49.1%	15.5%	18.2%	12.7%	4.5%			
Q31.4 Tsumisano trust as preferred lender	Count	90	13	5	2	0	1.26	0.63	0.862
	%	81.8%	11.8%	4.5%	1.8%	0.0%			
Q31.5 Public credit schemes as preferred lender	Count	91	13	4	2		1.25	0.61	0.858
	%	82.7%	11.8%	3.6%	1.8%	0.0%			
Q31.6 Government agencies as preferred lender	Count	87	11	3	4	3	1.38	0.92	0.779
	%	80.6%	10.2%	2.8%	3.7%	2.8%			
Q31.7 Provincial government as preferred lender	Count	75	23	5	1	3	1.45	0.86	0.746
	%	70.1%	21.5%	4.7%	0.9%	2.8%			
	Cronbach's Alpha						0.764		
	% of total variation accounted for by latent factor						50.62%		

Table 4.18 shows that the NYDA is the biggest lender as claimed by 21.8% of the respondents. A collective consideration of the third biggest, second biggest and first biggest lender categories puts NYDA is preferred by 49.9% of the SMME owner/managers. Most SMMEs owner/managers have access to the NYDA funding. Public credit schemes are the least preferred lenders (82.7%) followed by Tsumisano (81.8%) and then Khula (81.7%). Most public agencies are regarded as the least lenders because they do not provide funding to the foreign owned enterprises, even though they constituted a sizable percentage of the sample investigated. The difficulty in accessing such funding may be attributed to information asymmetries between public financiers and those starting their own businesses. If limited access to public funds are a consequence of information gaps then this finding has resonance with findings outlined in the report by Thusong Service Centre (2016). The report highlighted that government development communication initiatives can be tracked back to the historical, social and economic factors that characterised freedom of access to information, which explains the limited culture of information sharing between the government and the public entrepreneurs (Thusong Service Centre 2016). The Task Group of the Policy Board for Financial Services and Regulations (2016) concurs that lack of access to information is a major barrier to most SMMEs when it comes to the applications for funding and there is not enough information about the SMMEs turnover and profitability which makes it difficult to give them funding.

4.7.4 Attractiveness of the public funding interest rates

The study also explored the attractiveness of the interest rates charged by the public institutions. The results are depicted in Table 4.19.

Table 4.19: Attractiveness of the public funding interest rates

Attractiveness of the interest rates charged		Frequency Distribution					Descriptives		Latent Factor Coefficient
		Least attractive	Less attractive	Attractive	Moderately attractive	Most attractive	Mean	Std Dev	
Q32.1 Khula enterprise finance interest rate	Count	90	5	9	4	1	1.36	0.86	0.760
	%	82.6%	4.6%	8.3%	3.7%	0.9%			
Q32.2 NYDA interest rates	Count	44	13	20	12	21	2.57	1.56	0.420
	%	40.0%	11.8%	18.2%	10.9%	19.1%			
Q32.3 SEDA interest rate	Count	52	15	22	16	5	2.15	1.29	0.587
	%	47.3%	13.6%	20.0%	14.5%	4.5%			
Q32.4 Tsumisano trust interest rate	Count	89	15	6	0	0	1.25	0.54	0.847
	%	80.9%	13.6%	5.5%	0.0%	0.0%			
Q32.5 Public credit schemes interest rates	Count	86	16	5	3	0	1.32	0.69	0.859
	%	78.2%	14.5%	4.5%	2.7%	0.0%			
Q32.6 Government agencies interest rates	Count	85	14	6	4	1	1.38	0.82	0.836
	%	77.3%	12.7%	5.5%	3.6%	0.9%			
Q32.7 Provincial government interest rates	Count	72	21	11	3	3	1.58	0.97	0.757
	%	65.5%	19.1%	10.0%	2.7%	2.7%			
	Cronbach's Alpha						0.801		
	% of total variation accounted for by latent factor						54.65%		

The results presented in Table 4.19 show that the NYDA has the most attractive interest rates with 19.1% of the respondents affirming this. If the attractive, moderately attractive and most attractive categories are considered, then about 48.2% of the hair salon owner/managers regarded the NYDA as providing the preferred interest rates. The claim that the NYDA offers the most attractive interest rates can be attributed to the respondents' belief that this organisation does not charge too much interest on funds borrowed. The NYDA (2016) report, indeed states that it provides loans at prime lending rates of less 3% to businesses that operate in industries falling within the Industrial Development Corporation (IDC) and Small enterprise Finance Agency (SEFA) mandates.

Only 40.0% of the respondents indicated that the NYDA has the least attractive interest rates as compared to 65.5% of the respondents who held the same view with regard to provincial government, 77.3% for Government agencies, 78.2% for public credit schemes, 80.9% for Tsumisano and 82.6% for Khula enterprise finance. However, some owner/managers, especially those operating in enterprises outside the IDC and Small Enterprise Finance Agency (SEFA) mandates were of the view that NYDA charged a higher interest on its loans. This revelation is consistent with the fact that the NYDA charges 3% interest to enterprises that operate within the IDC and SEFA mandates.

The SEDA is the second most attractive public financier with 38.5% of the respondents claiming that its interest rates are either attractive, moderately attractive or most attractive and 47.30% indicating that it is the least attractive. This spilt of opinion is surprising considering that the SEDA is a public company that funds small businesses. This ambivalence is disturbing as it does not seem to gel with the National Credit Regulator's (2011) popular view that the SEDA was deliberately created to support small enterprises. The overall expectation in view of this organisation would not only be easy accessibility but considerably low interest rates to support small start-ups.

4.7.5 Accessibility of public debt and equity funding

This section examines the accessibility of public funding for both debt and equity funding.

4.7.5.1 Public debt funding

The study also considered the accessibility of the different forms of public debt financing, with the results presented in the Table 4.20.

About 80% of the respondents perceive Khula enterprise funding as the least accessible debt financing, while 78.2% claimed that Tsumisano Trust funding is the least accessible. The results indicate that most owner/managers find Khula and Tsumisano Trust as not accessible.

Table 4.20: Accessibility of public debt funding

Accessibility of public debt financing		Frequency Distribution: Less Accessible	Sometimes Accessible	Moderately Accessible	Second Accessible	Most Accessible	Descriptives: Mean	Std Dev	Latent Factor Coefficient
Q33.1 Accessibility of Khula enterprise funding	Count	88	9	9	2	2	1.37	0.86	0.708
	%	80.0%	8.2%	8.2%	1.8%	1.8%			
Q33.2 Accessibility of NYDA funding	Count	42	16	16	7	29	2.68	1.65	0.464
	%	38.2%	14.5%	14.5%	6.4%	26.4%			
Q33.3 Accessibility of SEDA funding	Count	50	16	17	9	18	2.35	1.52	0.654
	%	45.5%	14.5%	15.5%	8.2%	16.4%			
Q33.4 Accessibility of Tsumisano trust funding	Count	86	12	8	3	1	1.37	0.81	0.713
	%	78.2%	10.9%	7.3%	2.7%	0.9%			
Q33.5 Accessibility of public credit schemes funding	Count	85	15	5	5	0	1.36	0.77	0.857
	%	77.3%	13.6%	4.5%	4.5%	0.0%			
Q33.6 Accessibility of government agencies funding	Count	80	13	11	4	2	1.50	0.95	0.815
	%	72.7%	11.8%	10.0%	3.6%	1.8%			
Q33.7 Accessibility of provincial government funding	Count	73	21	13	2	1	1.52	0.84	0.817
	%	66.4%	19.1%	11.8%	1.8%	0.9%			
	Cronbach's Alpha						0.805		
	% of total variation accounted for by latent factor						53.10%		

One would argue that the reality that a sizable number of hair salon SMMEs are owned by foreign immigrants who do not qualify for such public funding explains their difficulty in accessing money from these public institutions. More so, some of the locally-owned and foreign-owned businesses do not have proper documentation and comprehensive business plans. However, the claims about the inaccessibility of Khula funding contradicts the National Credit Regulator's (2011) claim that Khula Enterprise gives financial assistance to individuals that wish to start or expand their small to medium sized businesses but do not have enough collateral or security to support their loan applications with particular banks. The claims about the inaccessibility of Khula funding also counters literature on the easy accessibility of Khula credit security, its assistance with business plans and the application process.

The NYDA is the most accessible debt funding as noted by the 26.4% that indicated that it is the most accessible. The NYDA is closely followed by SEDA with 16.4% of the respondents claiming that it is accessible. This finding is consistent with the previous one covering attractiveness of interest rates, where the two institutions were considered to have the most attractive interest rates for debt financing. In addition, the data presented in Table 4.19 illustrates that there are some Afro hair salons owner/managers that managed to get funding from the NYDA and SEDA for either their start-up capital or sustaining their enterprise. The findings cohere with the works of the NCR (2011) which reports that the NYDA assists SMMEs with loans to meet their start up and operational needs.

4.7.5.2 Accessibility of public equity funding

The study also considered the accessibility of public equity funding with a view to address the question on the composition and combinations of public funding employed in the financing of hair salons in MMA. The results are presented in Table 4.21.

Table 4.21: Accessibility of public equity funding

Accessibility of public equity financing		Frequency Distribution					Descriptives		**Latent Factor** Coefficient
		Less Accessible	Sometimes Accessible	Moderately Accessible	Second Accessible	Most Accessible	Mean	Std Dev	
Q34.8 Accessibility of entrepreneur and team members funding	Count	71	24	9	6	0	1.55	0.86	
	%	64.5%	21.8%	8.2%	5.5%	0.0%			
Q34.9 Accessibility of other companies/strategic investors funding	Count	73	13	22	2	0	1.57	0.87	0.876
	%	66.4%	11.8%	20.0%	1.8%	0.0%			
Q34.10 Accessibility of stock markets	Count	80	22	7	1	0	1.35	0.64	0.893
	%	72.7%	20.0%	6.4%	0.9%	0.0%			
	Cronbach's Alpha						0.879		
	% of total variation accounted for by latent factor						81.63%		

4.7.5.2.1 Entrepreneur and team members

Table 4.21 shows that a majority of the respondents are of the opinion that all equity funding options are less accessible. A total of 64% of the respondents think that entrepreneur and team members funding is less accessible. The equity funding options are labelled less accessible probably because they do not regularly invest their money in small businesses for reasons such as fear of loss of funds, the high failure rate of SMMEs and lack of collateral. It was also argued that, basing on the findings in Table 4.12, the limited accessibility can be attributed to hair salons owner/managers' lack of knowledge of these equity funding options' existence.

4.7.5.2.2 Companies/strategic investors

A total 66.4% of the respondents think that companies/strategic investors funding is also less accessible. The purported reluctance of companies/strategic investors to invest money in hair salon businesses can be associated with the low growth potential and high failure rates of such businesses. Fatoki's (2014) study on the financing options for new small and medium enterprises in South Africa revealed that companies do not invest in enterprises that do not have a strong growth prospects, and hair salons are a typical example of such businesses. A total of 72.7 % of respondents feel that stock markets are less accessible to them. It is plausible that far from companies and investors being less accessible, hair salon business owner/managers may not be aware of how the stock markets operate. If it is true that SMMEs really struggle to access companies and investor funding, then this finding consummates Fatoki's (2014) view that access to stock external equity through public listing on stock markets is often unavailable until the firm is relatively large and able to meet the minimum size requirements for listing. Hence, no respondent deemed all the above funding options as most accessible.

4.7.6 Sizes of capital extended for public debt financing

The study also explored the size of capital for debt financing obtained from the public funding institutions in order to establish the nature and composition of public funding.

Table 4.22: Size of capital from public funding (debt financing)

PUBLIC INSTITUTIONS ACCORDING TO THE SIZE OF CAPITAL DEBT FINANCING		Frequency Distribution					Descriptives		Latent Factor Coefficient
		Least Lender	Moderate lender	Third biggest lender	Second biggest lender	Biggest lender	Mean	Std Dev	
Q35.1 Size of Khula Enterprise lending	Count	90	8	7	2	3	1.36	0.90	0.739
	%	81.8%	7.3%	6.4%	1.8%	2.7%			
Q35.2 Size of NYDA lending	Count	41	16	13	15	25	2.70	1.62	0.493
	%	37.3%	14.5%	11.8%	13.6%	22.7%			
Q35.3 Size of SEDA lending	Count	53	18	18	14	7	2.13	1.31	0.592
	%	48.2%	16.4%	16.4%	12.7%	6.4%			
Q35.4 Size of Tsumisano Trust lending	Count	88	13	5	4	0	1.32	0.73	0.882
	%	80.0%	11.8%	4.5%	3.6%	0.0%			
Q35.5 Size of public credit lending	Count	86	17	5	2	0	1.30	0.64	0.830
	%	78.2%	15.5%	4.5%	1.8%	0.0%			
Q35.6 Size of government agencies lending	Count	86	12	4	7	1	1.41	0.90	0.869
	%	78.2%	10.9%	3.6%	6.4%	0.9%			
Q35.7 Size of Provincial government lending	Count	72	28	6	2	2	1.49	0.83	0.736
	%	65.5%	25.5%	5.5%	1.8%	1.8%			
	Cronbach's Alpha						0.816		
	% of total variation accounted for by latent factor						55.81%		

Table 4.22 shows that most respondents (81.8%) claim that Khula Enterprise lending is the least lender followed by Tsumisano (80%), public credit lending (78.2%) and government agencies lending (78.2%). Khula Enterprise, Tsumisano, public credit lending and government agencies are seen as the least lender perhaps because most SMMEs owner/managers are not aware of these public institutions due to lack of information from the government regarding these initiatives. This finding compliments the observations by the Task Group of the Policy Board for Financial Services and Regulations (2016) that lack of information about the existing initiatives results in the public agencies' inaccessibility to the public.

The NYDA is considered as the biggest lender by 22.7% of the respondents followed by SEDA at 6.4%. A consideration of the categories third biggest, second biggest and biggest lender shows 48.1% and 35.5% of the respondents regarded the NYDA and SEDA as the big lenders respectively. The two organisations are considered as big lenders by owner/managers as they are the most accessible form of public financing that were instituted specifically to fund and support small enterprises. This finding is in agreement with the National Credit Regulator (2011) that the main aim of the NYDA and SEDA is to fund, loan and support small enterprises.

4.7.7 Sizes of capital extended for public equity financing

The study also investigated the size of public institutions' capital equity funding in order to determine the nature and composition of public funding in hair salons. The results are presented in Table 4.23.

Table 4.23: Size of capital from public funding (equity financing)

Public institutions according to the size of capital equity financing		Frequency Distribution					Descriptives		**Latent Factor** Coefficient
		Least Lender	Moderate lender	Third biggest lender	second biggest lender	Biggest lender	Mean	Std Dev	
Q35.8 Size of entrepreneur and team members lending	Count	74	29	5	2	0	1.41	0.67	0.902
	%	67.3%	26.4%	4.5%	1.8%	0.0%			
Q35.9 Size of other companies/strategic investors lending	Count	82	18	7	3	0	1.37	0.73	0.926
	%	74.5%	16.4%	6.4%	2.7%	0.0%			
Q35.10 Size of stock market lending	Count	93	13	3	1	0	1.20	0.52	0.877
	%	84.5%	11.8%	2.7%	0.9%	0.0%			
	Cronbach's Alpha						0.878		
	% of total variation accounted for by latent factor						81.34%		

Table 4.23 shows that most respondents (84.5%) claim that they obtained the least amounts of capital from stock market lending, followed by companies/strategic investors lending (74.5%) and entrepreneur and team members lending (67.3%). The respondents are of the view that all the three sources of equity financing cannot be labelled biggest

lenders. The possible explanation for this inaccessibility of funding is that these institutions often do not invest in small enterprises and are not known to the public entrepreneurs. These finding are in line with those in Table 4.22 discussed above.

4.7.8 SMMEs' choice of attractive funding opportunities (debt financing)

The study also probed the attractiveness of different public funding opportunities for debt financing in order to have a better understand the nature and composition of public funding.

Table 4.24: Attraction of funding opportunities (debt financing)

COMBINATION OF FUNDING OPPORTUNITIES DEBT FINANCING		Frequency Distribution					Descriptives		**Latent Factor** Coefficient
		Least Attractive Lender	Moderately Attractive Lender	Attractive Lender	Second Best Attractive Lender	Most Attractive Lender	Mean	Std Dev	
Q36.1 Attractiveness of Khula Enterprise funding	Count	89	8	6	5	2	1.39	0.92	0.788
	%	80.9%	7.3%	5.5%	4.5%	1.8%			
Q36.2 Attractiveness of NYDA funding	Count	41	17	13	7	32	2.75	1.68	0.471
	%	37.3%	15.5%	11.8%	6.4%	29.1%			
Q36.3 Attractiveness of SEDA funding	Count	54	15	9	18	14	2.30	1.52	0.591
	%	49.1%	13.6%	8.2%	16.4%	12.7%			
Q36.4 Attractiveness of Tsumisano Trust funding	Count	89	12	7	1	1	1.30	0.71	0.894
	%	80.9%	10.9%	6.4%	0.9%	0.9%			
Q36.5 Attractiveness of public credit schemes	Count	90	13	6	1	0	1.25	0.60	0.903
	%	81.8%	11.8%	5.5%	0.9%	0.0%			
Q36.6 Attractiveness of government agencies funding	Count	85	10	8	6	1	1.44	0.91	0.805
	%	77.3%	9.1%	7.3%	5.5%	0.9%			
Q36.7 Attractiveness of provincial government funding	Count	70	29	6	2	2	1.50	0.83	0.758
	%	64.2%	26.6%	5.5%	1.8%	1.8%			
	Cronbach's Alpha						0.812		
	% of total variation accounted for by latent factor						57.55%		

As indicated in Table 4.24, the least attractive sources of funding are public credit schemes with 81.8% of the respondents indicating that it is the least attractive, followed by Tsumisano Trust funding that had 80.9% of the respondents indicating that it is the least attractive and Khula Enterprise funding receiving 80.9% of the respondents who indicated that it is the least attractive. The researcher suspects that these three forms of public agencies are the least attractive as they are not known to the entrepreneurs and the SMMEs do not have information regarding their existence and means of operation. These findings are consistent with the Thusanong Service Centre Report (2016) that the effectiveness of government communication initiatives can be tracked back to the extent of public access to valuable information such as funding options. If the attractiveness of funding sources are judged on the basis access to funding information, it can be argued that the weak information sharing and communication between the government and the SMMEs owner/managers of Afro hair salons explains the least attractiveness of the aforementioned funding sources.

Therefore, it can be assumed that the difficulty in accessing such funding may be attributed to information asymmetries between public financiers and those starting their own businesses. If the unattractiveness of aforementioned funds are a consequence of information gaps, then this finding has resonance with Thusong Service Centre (2016) Report which reported that government development communication initiatives can be tracked back to the historical, social and economic factors that characterised freedom of access to information and thus explain the limited culture of information sharing between the government and the public entrepreneurs.

The most attractive lender is the NYDA as claimed by 29.1% of the respondents, followed by the SEDA funding at 12.7%. The NYDA and SEDA are attractive to most Afro hair salon owner/managers due to the fact that they are the major supporters of small enterprises. This finding is in agreement with the NYDA (2016) report that this institution and the SEDA are considered to be the most accessible and attractive lenders as they provide considerable financial support to small enterprises.

4.7.9 Effects of gender on accessibility of public funding.

The study also probed the effects of gender on the accessibility of public funding.

Table 4.25: T-tests for the difference in mean levels of accessibility to public finance

Public Funding accessibility	Gender	Summary Statistics			t-tests		
		N	Mean	Std. Deviation	t	df	p-value
Accessibility of Public Equity Financing	Female	51	1.595	0.761	1.418	108	0.159
	Male	59	1.401	0.672			
Accessibility of Public Debt Financing	Female	51	1.784	0.784	0.603	108	0.548
	Male	59	1.697	0.729			
Accessibility to Public Funding Institutions	Female	51	1.913	0.880	1.107	107	0.271
	Male	58	1.739	0.764			

To compare the levels of accessibility of public funding by gender t-tests were used. The results in Table 4.25 show that there is no statistically significant gender effect on accessibility of public equity financing (t=1.418, df=108, p-value=0.159). There is also no statistically significant gender effect on accessibility of public debt financing (t=0.603, df=108, p-value=0.548). There is no statistically significant gender effect on accessibility to public funding Institutions (t=1.1073, df=107, p-value=0.271). Whether males or females acquiring public funding there is no gender-related effect on such accessibility. This finding is inconsistent with evidence from literature. Based on data from the FinScope survey conducted by Johnson (2004) on gender norms in financial markets in Uganda and Kenya, it was established that gender has a strong effect on access to funding and gender was identified as one of the major constraints to financial access.

4.7.10 SMMEs' choice of attractive funding opportunities (equity financing)

The study also examined the attractiveness for funding opportunities for equity financing in order to develop an in-depth understanding of the nature and combinations of public funding.

Table 4.26: Attraction of funding opportunities (equity financing)

Combination of funding opportunities equity financing		Frequency Distribution					Descriptives		**Latent Factor** Coefficient
		Least Attractive Lender	Moderately Attractive Lender	Attractive Lender	Second Best Attractive Lender	Most Attractive Lender	Mean	Std Dev	
Q36.8 Attractiveness of entrepreneur and team members funding	Count	76	24	8	2	0	1.42	0.71	0.922
	%	69.1%	21.8%	7.3%	1.8%	0.0%			
Q36.9 Attractiveness of other companies/strategic investors funding	Count	76	25	4	5	0	1.44	0.77	0.943
	%	69.1%	22.7%	3.6%	4.5%	0.0%			
Q36.10 Attractiveness of stock market funding	Count	89	17	3	0	0	1.21	0.47	0.890
	%	81.7%	15.6%	2.8%	0.0%	0.0%			
	Cronbach's Alpha						0.895		
	% of total variation accounted for by latent factor						84.41%		

As shown in Table 4.26, stock market funding remains the least attractive funding option for 81.7% of the respondents, followed by entrepreneur and team member funding at 69.1% and other companies/strategic investor funding as noted by 69.1% of the respondents. All the three funding options are not considered as the most attractive lender by all respondents because these lenders seldom invest money into small business that do not show any means of growing. Blumberg and Letterie (2008) state that business starters and credit rationing in small business, entrepreneur and team's members and companies/strategic do not invest their money in an enterprise that is large and unable to meet their minimum requirements before investing.

4.8 EFFECTS OF PRIVATE FUNDING ON HUMAN RESOURCES MANAGEMENT (OBJECTIVE 3)

The above research question was addressed in the study through an examination of the human resources management practices of hair salon business before relating them to funding. Human resources management is measured using two constructs, which are human resources recruitment and selection and human resources compensation. The two constructs are summarised in Sections 4.7.1 and 4.7.2 below. Section 4.7.3 examines the effects of private funding on human resources (Objective 3).

4.8.1 HR recruitment and selection

The study investigated whether small businesses follow the proper procedures when recruiting and selecting their personnel. The results are presented in the following table.

4.8.1.1 Human resource practices

Table 4.27 presents questionnaire items that address the businesses' human resources. A total of 53.6% of the respondents claim that their companies have individuals responsible for human resources. This means that each enterprise or companies has people that were appointed to and are responsible for human resources. This finding contradicts that from Dominguez et al.'s (2010) study on SMME managers' most important entrepreneurship and business competences in which the owner was noted as personally managing the firm, arbitrarily deciding on power delegation and creating positions on their own. This study's findings contradict Dominguez, Varajão, Morgado, Oliveira and Sousa' (2010) claim that there is a slight distinction between functional roles and management positions in SMMEs.

Table 4.27: HR recruitment and selection

Human resources: Recruitment and Selection		Frequency Distribution: Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Descriptives: Mean	Std Dev	Latent Factor Coefficient
Q37. Someone is responsible for human resources in the business	Count	3	9	39	31	28	53.6%	3.65	1.04	0.753
	%	2.7%	8.2%	35.5%	28.2%	25.5%				
Q38. We recruit, select, appoint, train and develop human resources	Count	2	5	47	32	24	50.9%	3.65	0.93	0.744
	%	1.8%	4.5%	42.7%	29.1%	21.8%				
Q39. Business emphasises qualification in its recruitment and selection	Count	4	13	38	29	25	49.5%	3.53	1.08	0.757
	%	3.7%	11.9 %	34.9%	26.6%	22.9%				
Q40. The business emphasises relevant experience when recruiting and appointing	Count	1	8	22	45	34	71.8%	3.94	0.94	0.775
	%	0.9%	7.3%	20.0%	40.9%	30.9%				
Q41. The business emphasises knowledge of hair salons employees	Count	1	4	19	51	35	78.2%	4.05	0.85	0.733
	%	0.9%	3.6%	17.3%	46.4%	31.8%				
Q42. We employ friends, family members, relatives, acquaintances	Count	35	18	31	16	10	23.6%	2.53	1.32	0.138
	%	31.8 %	16.4 %	28.2%	14.5%	9.1%				
Q43. The business provides a clear and comprehensive job description	Count	1	3	23	47	36	75.5%	4.04	0.86	0.642
	%	0.9%	2.7%	20.9%	42.7%	32.7%				
Q44. The business provides clear job specifications	Count	2	3	20	56	29	77.3%	3.97	0.85	0.706
	%	1.8%	2.7%	18.2%	50.9%	26.4%				
Q45. The business appoints candidates in terms of relevant experience, skills and qualification	Count	3	8	38	26	35	55.5%	3.75	1.07	0.713
	%	2.7%	7.3%	34.5%	23.6%	31.8%				
Q46. Reference checks are part of recruitment	Count	0	9	27	43	31	67.3%	3.87	0.92	0.746
	%	0.0%	8.2%	24.5%	39.1%	28.2%				
Q47. The business possess overall knowledge of HR recruitment process	Count	0	6	49	24	31	50.0%	3.73	0.94	0.776
	%	0.0%	5.5%	44.5%	21.8%	28.2%				
	Cronbach's Alpha							0.875		
	Cronbach's Alpha without Q42							0.905		
	% of total variation accounted for by latent factor (without Q42)							54.14%		

4.8.1.2 Academic qualifications

Close to half of the respondents (49.5%) are of the view that their businesses emphasise on qualification during employee selection, whilst the majority (71.8%) prioritise on experience when selecting prospective employees. The fact that since most downtown hair salon businesses rely more on technical hand work than academic knowledge might explain the less emphasis on prospective employee academic qualifications. Alternatively, the lack of strong academic qualifications among the hair salons owner/managers could explain their inability and reluctance to recruit highly educated employees. Dumbu and Padamoyo's (2012) research on the managerial practices of SMMEs at Great Zimbabwe craft centre area attributed the lack of proper and systematic recruitment and selection procedures, especially the failure to recruit and select employees with the right qualifications and experience in the craft industry, and the prevalence of subjective appointments based on owner/manager personal biases, to the low levels of education, professional training and limited experience of the owner/managers.

4.8.1.3 Business knowledge and reference checks

Business knowledge of hair salon employees (78.2%) and reference checks (67.3%) are also part of employee selection criteria used during employee selection. The high percentages on knowledge of the hair salon industry and employee reference checks is commendable. These findings resonate with Onsongo's (2015) study on factors influencing the growth of hair salon enterprises in Kisii Town, Kenya. Onsongo's (2015) study indicates that the hair salon industry is very dynamic and requires highly trained, educated and knowledgeable staff that are continually up to date with industry demands and offer quality products and services. The importance of reference checks in the hair salon industry is alluded to in Gusdorf's (2008) study on recruitment and selection which emphasises that the owner/manager of the hair salon should check the candidate's references after making a selection decision and verify the information provided by the candidate.

4.8.1.4 Human resource management practices

The SMME HRM experience is complicated. For instance, although a sizable number of SMME owner/managers (23%) of the respondents admit to employing family members and acquaintances, a majority of the respondents claim that their businesses provide clear job descriptions (75%) and job specifications (77.3%) to employees. The fact that a majority of the SMME owner/managers affirmed their engagement of HRM practices is inconsistent with the literature on SMMEs. For instance, a study carried out by Lockyer and Scholaries (2005) found that there is a general lack of systematic procedures for employee resourcing and lack of an established tradition of legitimate human resource practices within SMMEs. The same study also reports that SMMEs often rely on a network of informal personal relations that are tied to family connections, friendship ties and acquaintances. The fact that some SMMEs have somewhat coherent HRM practices seems to cohere with the Catholic Relief Services' (2011) Report on the requirements of human resources practitioner to prepare a detailed job description that clearly specifies the responsibilities, required qualifications and skills, reporting relationships, and other important aspects of the position based on the organisation's strategy, goals, and plans.

4.8.1.5 Recruitment and selection

The construct of Recruitment and Selection, which consists of 11 questionnaire items, had a very high internal consistency (Cronbach's Alpha=0.875), hence it was a reliable instrument. Questionnaire item number 42 had a very small latent factor coefficient, which shows that it is not an important item in the determination of the construct of recruitment and selection. The calculation of the summary variable (latent factor) to represent recruitment and selection will not include Q42 and this even improves the construct's reliability (Cronbach's Alpha=0.905). As a result, the construct of recruitment and selection retains 54.14% of the original information (variability) contained in the selected 10 questionnaire items.

4.8.2 HR compensation

The study also investigated how employees are compensated and whether access to private funding influences human resources practices within small businesses.

Table 4.28: HR compensation

Human resources: Compensation		Frequency Distribution						Descriptives		Latent Factor Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean	Std Dev	
Q48. Salaries are in accordance with labour market standards	Count	1	7	17	33	52	77.3%	4.16	0.97	0.472
	%	0.9%	6.4%	15.5%	30.0%	47.3%				
Q49. Employees are registered for tax	Count	39	25	12	22	12	30.9%	2.48	1.43	-0.398
	%	35.5%	22.7%	10.9%	20.0%	10.9%				
Q50. Employees are compensated according to hours of work	Count	8	18	20	29	35	58.2%	3.59	1.29	0.317
	%	7.3%	16.4%	18.2%	26.4%	31.8%				
Q51. Access to private funding influences employee training	Count	10	8	34	33	25	52.7%	3.50	1.19	0.772
	%	9.1%	7.3%	30.9%	30.0%	22.7%				
Q52. Access to private funding influences retention of employees	Count	12	13	41	23	21	40.0%	3.25	1.21	0.841
	%	10.9%	11.8%	37.3%	20.9%	19.1%				
Q53. Access to private funding influences employee compensation	Count	10	19	25	36	20	50.9%	3.34	1.22	0.759
	%	9.1%	17.3%	22.7%	32.7%	18.2%				
Q54. Employee pay rates are kept confidential	Count	1	1	16	36	56	83.6%	4.32	0.82	0.734
	%	0.9%	0.9%	14.5%	32.7%	50.9%				
Q55. Employee salary is determined basing on comparison with competitors	Count	9	19	30	33	19	47.3%	3.31	1.19	0.427
	%	8.2%	17.3%	27.3%	30.0%	17.3%				
Q56. Salary ranges are used to determine salary rates	Count	2	2	28	45	32	70.6%	3.94	0.89	0.683
	%	1.8%	1.8%	25.7%	41.3%	29.4%				
	Cronbach's Alpha							0.701		
	Cronbach's Alpha (when Q49 is omitted)							0.795		
	% of total variation accounted for by latent factor (Q49 excluded)							43.04%		

4.8.2.1 Compensation

The hair salon business displays a complicated formal organisational processes. As shown in Table 4.28, while a majority (77.3%) of the respondents claim that their companies offer market related salaries, only 30% confirmed that their employees are registered for tax purposes. More so, slightly more than half (58%) of the respondents are of the view that their employees are paid as per hours worked. Hair salons owner/managers offer more or less the same salaries as other hair salons and employees are paid according to the hours worked. This result supports the findings from mainstream literature. For example, the Government Notice Report on Bargain Council for hairdressing, cosmetology beauty and skincare states that no employer shall pay and no employee shall accept a salary that is a rate lower than the prescribed minimum salary as published in the Gazette from time to time and some employees are paid according to the hours worked (Oliphant, 2013). The payment of employees has an effect on the performance - low wages affect employee productivity which in turn affect financial turnover of the firm profits.

4.8.2.2 Training of employees and compensation

A total of 40% believe that access to private funding influences training of employees and 50.9% think that access to private funding influences employee compensation. Having access to private funding allows the owner/manager to take their employees for training to improve their skills and to pay the salaries of their employees.

4.8.2.3 Confidentiality of records and salary ranges

The majority (83.6%) hold the opinion that their businesses keep employee records confidential and that salary ranges are used to determine salary rates (70.6%). The Catholic Relief Service's (2011) Report on Human Resources highlights that most of the information relating to human resource (HR) activities, such as salaries, is of a confidential nature and that it is considered unethical to disclose such information to persons or entities outside of those authorised to have access to such information. Access to private funding assists the owner/managers of hair salons to pay for their employees training and their salaries. This finding supports Onsongo's (2015) claim that poor management and accounting practices hamper the ability of small enterprises to mobilise financial and other resources. Therefore, the level of training of the owner manager is a key factor in determining financial access, and a lack of financial accessibility might result in salaries not being paid.

4.8.2.4 Construct of compensation

The construct of compensation consists of 9 questionnaire items with adequate internal consistency (Cronbach's Alpha=0.701), hence it is reliable. Questionnaire item number Q49 (Employees are registered for tax) has a small and negative latent factor coefficient. This means that it mainly works in contradiction to the other items, hence it was wise to leave it out in the computation of the latent factor for the construct of compensation. Omitting Q49 from the computation of the latent factor to represent compensation improves the reliability of the construct (Cronbach's Alpha=0.795). Therefore, the construct of recruitment and selection retains 43.04% of the original information (variability) contained in the selected 8 questionnaire items.

4.8.3 Effects of private funding on human resources

The relationship between private funding and human resources is investigated through the use of correlation analysis. Table 4.29 below presents the correlations between the various private funding variables that have been discussed in the previous section and the human resources variables discussed in sections 4.8.1 and 4.8.2.

The results in Table 4.29 show that the Level of private debt financing, attractiveness of Interest rates for private debt financing and financial value of funding from private institutions (banks) does not have any impact on the two constructs of human resources management, namely, recruitment and selection, and compensation (small correlations and p-values>0.05).

Table 4.29: Correlations between private funding and human resources

Correlations			Private Funding							Human Resources	
			Level of Private Debt Financing	Level of Private Equity Financing	Attractiveness of Interest rates for Private Debt Financing	Attractiveness of Interest rates for Private Equity Financing	Accessibility of funding for Private debt Financing	Accessibility of funding for Private Equity Financing	Financial Value of funding from Private Institutions (Banks)	Human Resources Recruitment and Selection	Human Resources Compensation
Private Funding	Level of Private Debt Financing	Correl									
		p-value	-								
		N									
	Level of Private Equity Financing	Correl	0.136								
		p-value	0.168	-							
		N	105								
	Attractiveness of Interest rates for Private Debt Financing	Correl	0.817**	0.129							
		p-value	0.000	0.186	-						
		N	105	107							
	Attractiveness of Interest rates for Private Equity Financing	Correl	0.056	0.700**	0.202*						
		p-value	0.566	0.000	0.036	-					
		N	106	109	108						
	Accessibility of funding for Private debt Financing	Correl	0.716**	0.170	0.751**	0.169					
		p-value	0.000	0.078	0.000	0.077	-				
		N	106	109	108	110					
	Accessibility of funding for Private Equity Financing	Correl	0.030	.798**	0.040	0.738**	0.229*				
		p-value	0.765	0.000	0.680	.000	0.016	-			
		N	105	108	107	109	109				
	Financial Value of funding from Private Institutions (Banks)	Correl	0.570**	0.155	0.587**	0.203*	0.582**	0.127			
		p-value	0.000	0.113	0.000	.036	0.000	0.194	-		
		N	104	106	106	107	107	106			
Human Resources	Human Resources Recruitment and Selection	Correl	0.055	-0.198*	-0.014	-0.185	-0.188*	-0.204*	-0.017		
		p-value	0.581	0.040	0.884	0.054	0.050	0.034	0.863	-	
		N	105	108	107	109	109	108	106		
	Human Resources Compensation	Correl	0.080	-0.273**	0.006	-.299**	-0.166	-0.281**	0.051	0.658**	
		p-value	0.419	0.004	0.952	0.002	0.084	0.003	0.601	0.000	-
		N	105	108	107	109	109	108	106	108	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The level of private equity financing has a negative impact on recruitment and selection (correlation=-0.198, p-value=0.040) and compensation (correlation=-0.273, p-value=0.004). The attractiveness of interest rates for private equity financing has a negative impact on compensation (correlation=-0.299, p-value=0.002). The accessibility of funding for private debt financing has a negative impact on recruitment and selection (correlation=-0.188, p-value=0.050). The accessibility of funding for private equity financing has a significant impact on recruitment and selection (correlation=-0.204, p-value=0.034) and compensation (correlation=-0.281, p-value=0.003). The availability of private funding is critical to improved recruitment and selection of employees for the enterprise. The Board of Governors of the Federal Reserve Systems Report in Washington (2012) on the availability of credit to small businesses states that financing has an impact on the running of the business and the management is a constitutive component of such business operations.

Therefore, it is important to note that, while some aspects such as equity, debt and interest rates of private finance have a negative impact on human resources management, the effect size of such an impact is very minimal (none of the absolute correlation values are greater than 0.300). Thus, the general observation is that private funding has a minimal impact on human resources management.

4.9 EFFECTS OF PUBLIC FUNDING ON TECHNOLOGY ACQUISITION (OBJECTIVE 4)

This section explores the level of technology acquisition in order to improve business efficiency. The role played by funding in technology acquisition is also highlighted.

4.9.1 Technology acquisition

Table 4.30 presents the results from a questionnaire item that sought the respondents' views on technology acquisition. As shown in the Table 4.30, a majority of the respondents were of the view that technology assists them in daily activities, as 85.5% agree or strongly agree with another 89.1% also concurring that they use technology to adapt to routine activities.

Table 4.30: Technology acquisition

Technology acquisition		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean	Std Dev	Latent Factor Coefficient
		Frequency Distribution						Descriptives		
Q57. Technology helps in the daily activities in the company	Count	2	1	13	44	50	85.5%	4.26	0.84	0.885
	%	1.8%	0.9%	11.8%	40.0%	45.5%				
Q58. Acquiring the latest technology helps to keep up to date	Count	1	3	9	51	46	88.2%	4.25	0.79	0.883
	%	0.9%	2.7%	8.2%	46.4%	41.8%				
Q59. Use of new technology to adapt daily routines	Count	0	4	8	52	46	89.1%	4.27	0.75	0.810
	%	0.0%	3.6%	7.3%	47.3%	41.8%				
Q60. Technology makes one's job easier	Count	0	3	11	48	47	87.2%	4.28	0.76	0.805
	%	0.0%	2.8%	10.1%	44.0%	43.1%				
Q61. Public funding helps to acquire latest technology	Count	3	11	20	36	40	69.1%	3.90	1.09	0.792
	%	2.7%	10.0%	18.2%	32.7%	36.4%				
Q62. Public funding enables the purchase of needed equipment	Count	4	12	17	38	39	70.0%	3.87	1.13	0.760
	%	3.6%	10.9%	15.5%	34.5%	35.5%				
Q63. Public funding helps the business to keep up to date with latest technology	Count	4	14	17	36	39	68.2%	3.84	1.15	0.793
	%	3.6%	12.7%	15.5%	32.7%	35.5%				
	Cronbach's Alpha							0.911		
	% of total variation accounted for by latent factor							67.13%		

Technology is frequently used in the hair industry and as such, SMMEs in this sector must have adequate as well as up to date equipment and technology to effect the current industry practices. A study on the adoption of modern technology adoption in Zimbabwe's beauty therapy industry conducted by Mudzingwa and Kabote (2014) supports the view that the use of technology assists employees with their daily activities and enhances their job performance.

The majority claim that they acquire latest technology (88.2%) and that technology makes their job easy (87.2%). They also indicated that public funding helps in acquiring latest technology (69.1%). The acquisition of latest technology for the hair salon, with the help of public funding, makes the employees' work easier and attracts new customers who would be enticed by the use of latest technology. Mudzingwa and Kabote's (2014) study also supports the view that clients benefit from the use of modern technologies just as adopting technology can help the hair/beauty industry to become more efficient.

The construct of technology acquisition consists of 7 questionnaire items with very high internal consistency (Cronbach's Alpha=0.911), hence it is reliable. The construct retained all 7 items as they have high coefficients (all positive and above 0.750) which shows that it is well constituted.

4.9.2 Effects of public funding on technology acquisition

Table 4.31 below presents the correlations between the various public funding variables and technology acquisition. All four variables of public funding have a negative and significant impact on technology acquisition. Accessibility to public funding institutions (correlation=-0.424, p-value=0.000), attractiveness of interest rates of public funding institutions (correlation=-0.328, p-value=0.000), accessibility of public equity financing (correlation=-0.419, p-value=0.000) and accessibility of public debt financing (correlation=-0.368, p-value=0.000, all have a significant, negative and medium impact on technology acquisition.

Table 4.31: Correlations between public funding and technology acquisition

Pearson's Correlations			Public Funding: Accessibility to Public Funding Institutions	Public Funding: Attractiveness of interest rates of Public Funding Institutions	Public Funding: Accessibility of Public Equity Financing	Public Funding: Accessibility of Public Debt Financing	Technology Acquisition
Public Funding	Accessibility to Public Funding Institutions	Correlation p-value N	-				
	Attractiveness of interest rates of Public Funding Institutions	Correlation p-value N	0.848** 0.000 108	-			
	Accessibility of Public Equity Financing	Correlation p-value N	0.760** 0.000 109	0.757** 0.000 109	-		
	Accessibility of Public Debt Financing	Correlation p-value N	0.861** 0.000 109	0.859** 0.000 109	0.816** 0.000 110	-	
Technology Acquisition		Correlation p-value N	-0.424** 0.000 108	-0.382** 0.000 108	-0.419** 0.000 109	-0.368** 0.000 109	-

**. Correlation is significant at the 0.01 level (2-tailed).

4.10 LEVEL OF TRAINING (OBJECTIVE 5)

Both technical and managerial skills training are a very important components of business planning. Three components of training, training in business skills, entrepreneurial skills and technical skills, are summarised in this section.

4.10.1 Business skills training

The study also investigated whether small businesses offer business skills training and the results are presented in Table 4.32.

Table 4.32: Business skills training

Business skills		Frequency Distribution						Descriptives		Latent Factor Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean	Std Dev	
Q64. Business gives training on communication skills	Count	5	12	31	34	28	56.4%	3.62	1.12	0.921
	%	4.5%	10.9%	28.2%	30.9%	25.5%				
Q65. Business gives training on leadership skills	Count	4	14	30	32	29	56.0%	3.62	1.12	0.909
	%	3.7%	12.8%	27.5%	29.4%	26.6%				
Q66. Business gives training on management skills	Count	3	15	34	30	28	52.7%	3.59	1.09	0.930
	%	2.7%	13.6%	30.9%	27.3%	25.5%				
Q67. Business gives training on organisational skills	Count	4	14	37	26	29	50.0%	3.56	1.12	0.931
	%	3.6%	12.7%	33.6%	23.6%	26.4%				
Q68. Business gives training on interpersonal skills	Count	3	13	33	32	27	54.6%	3.62	1.07	0.920
	%	2.8%	12.0%	30.6%	29.6%	25.0%				
Q696. Employees have good listening and speaking skills	Count	3	11	28	39	29	61.8%	3.73	1.05	0.850
	%	2.7%	10.0%	25.5%	35.5%	26.4%				
Q70. Employees are able to make good business decisions	Count	3	4	27	47	29	69.1%	3.86	0.94	0.835
	%	2.7%	3.6%	24.5%	42.7%	26.4%				
Q71. Employees are able to adapt to change	Count	1	2	22	48	37	77.3%	4.07	0.83	0.607
	%	0.9%	1.8%	20.0%	43.6%	33.6%				
Q72. Employees are able to plan their goals and reach them	Count	1	2	29	46	32	70.9%	3.96	0.85	0.624
	%	0.9%	1.8%	26.4%	41.8%	29.1%				
Q73. Employees are able to interact with other people	Count	0	1	17	41	51	83.6%	4.29	0.76	0.586
	%	0.0%	0.9%	15.5%	37.3%	46.4%				
	Cronbach's Alpha							0.947		
	% of total variation accounted for by latent factor							67.74%		

The results presented in Table 4.32 show that more than half (56.4%) of the respondent's assert that their businesses offer training on communication skills and leadership skills. In addition, 52.7% of the surveyed respondents claim that their businesses offer training on managerial skills to employees. Such training ranges from the formulating and carrying out of plans that keeps the business afloat, facilitation of customer satisfaction and strategies for overcoming competition. In the same vein, 54.6% confirming that on interpersonal skills and 50% on organisational skills. The respondents also think that the employees in their businesses have good listening and speaking skills (61.8%), can make good business decisions (69.1%), are able to adapt to change (77.3%) and to plan and to reach their goals (70.9%). It is very important to train employees in business skills as this allows them have knowledge on how the business is conducted to improve business competitiveness. Afolabi and Macheke (2012) allude to the importance of business skills for improved competitive businesses in their argument that the Umsobomvu Youth Fund offers some training programs which are important for developing successful entrepreneurs. The same study pointed out that all the business and entrepreneurial skills are vital to the sustainability of the business and should, therefore, be taught to the aspiring entrepreneurs. Solomon (2004), in his study on entrepreneurial training, also discovered the need for entrepreneurial skills and business skills for the upkeep of the business.

The construct of business skills training consists of 10 questionnaire items with a very high internal consistency (Cronbach's Alpha=0.947), hence it is reliable. The construct retained all 10 items as they have moderate to high coefficients (all positive and above 0.580) which shows that this construct is well constituted.

4.10.2 Entrepreneurial skills training

The study also investigated whether small enterprises offer entrepreneurial skills training to their employees and the results are presented in Table 4.33.

Table 4.33 presents the results on the respondents' views on employees' entrepreneurial skills training. A majority of the respondents were of the view that their employees undergo training in customer services (64.5%), are able to use cross cultural communication skills (61.8%) and have problem solving skills (70%). The majority (79.1%) also think that their employees ensure effective delivery of products and services to customers.

Table 4.33: Entrepreneurial skills training

Entrepreneurial skills		Frequency Distribution						Descriptive		Latent Factor Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean	Std Dev	
Q74. Employees undergo training in business skills	Count	2	16	38	28	26	49.1%	3.55	1.06	0.902
	%	1.8%	14.5%	34.5%	25.5%	23.6%				
Q75. Employees undergo training on business planning skills	Count	3	17	36	29	25	49.1%	3.51	1.09	0.908
	%	2.7%	15.5%	32.7%	26.4%	22.7%				
Q76. Employees undergo training on business communication skills	Count	2	17	35	32	24	50.9%	3.54	1.06	0.917
	%	1.8%	15.5%	31.8%	29.1%	21.8%				
Q77. Employees undergo training on customer service	Count	2	12	25	38	33	64.5%	3.80	1.05	0.810
	%	1.8%	10.9%	22.7%	34.5%	30.0%				
Q78. Employees are able to use effective cross cultural communication skills	Count	0	4	38	44	24	61.8%	3.80	0.82	0.769
	%	0.0%	3.6%	34.5%	40.0%	21.8%				
Q79. Employees have problem solving skills	Count	1	6	26	53	24	70.0%	3.85	0.86	0.804
	%	0.9%	5.5%	23.6%	48.2%	21.8%				
Q80. Employees ensure an effective delivery of products and services to customers	Count	0	4	19	47	40	79.1%	4.12	0.82	0.670
	%	0.0%	3.6%	17.3%	42.7%	36.4%				
	Cronbach's Alpha							0.924		
	% of total variation accounted for by latent factor							68.86%		

Employees should undergo training to equip them with the entrepreneurial skills needed to improve their performance and sustain the business. Solomon's (2004) study on entrepreneurial training highlights the need for entrepreneurial skills and business skills for the upkeep of the business. The current study findings on entrepreneurial training support Afolabi and Macheke's (2012) claim that the entrepreneur's initiative and skills are significant factors for success. It is maintained that entrepreneurial and employees training improve SMME performance over time, which is an additional testimony to the importance of the business and entrepreneurial skills in the business world.

The construct of entrepreneurial skills training consists of 7 questionnaire items with very high internal consistency (Cronbach's Alpha=0.924), hence it is reliable. The construct retained all 7 items as they have high coefficients (all positive and at least 0.670), which shows that this construct is well constituted.

4.10.3 Technical skills training

The study also investigated whether small businesses offer their employees technical skills training. The results are presented in Table 4.34.

Table 4.34: Technical skills training

Technical skills		Frequency Distribution						Descriptives		
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean	Std Dev	Latent Factor Coefficient
Q81. Business gives training on computer as well as computer language	Count	24	23	26	16	21	33.6%	2.88	1.41	0.940
	%	21.8%	20.9%	23.6%	14.5%	19.1%				
Q82. Business gives training on data analysis	Count	22	27	22	19	20	35.5%	2.89	1.40	0.957
	%	20.0%	24.5%	20.0%	17.3%	18.2%				
Q83. Employees have technical knowledge	Count	8	17	43	24	18	38.2%	3.25	1.13	0.889
	%	7.3%	15.5%	39.1%	21.8%	16.4%				
Q84. Employees are able to keep to date with what is happening in the field	Count	0	7	19	39	44	76.1%	4.10	0.91	0.338
	%	0.0%	6.4%	17.4%	35.8%	40.4%				
	Cronbach's Alpha							0.828		
	% of total variation accounted for by latent factor							67.61%		

The results presented in Table 4.34 show that few respondents acknowledged that their business gives training on computer as well as computer language (33.6%), just as a mere 35.5% agree that it offers training on data analysis and 38.2% of the respondents agree that their employees have technical knowledge. However, the majority (76.1%) feels that their employees are able to keep up-to-date with what is happening in the field, such as checking the trending hairstyles online. Although, employees should be trained to use technical equipment such as computers to keep client's information on databases, there was clear evidence of technical training on the use of computers and imparting of technical knowledge. It would be expected that training of employees would be useful for them to acquire the technical competence relevant to securing funding. For example, employee training in computer-aided grant proposal writing can help increase the funding opportunities of the business as employee participate in sourcing funds externally. This limited technical training seems to be inconsistent with Jansen and Lanz's (2013) observation that it is crucial to recruit workers that have technical skills which SMMEs need to successfully connect to innovative value chains and adapt to changing working environments.

The construct of entrepreneurial skills training consists of 4 questionnaire items with very high internal consistency (Cronbach's Alpha=0.828), hence it is reliable. The construct retained all 4 items as they have moderate to high coefficients (all positive and at least 0.338). Item Q83 (Employees are able to keep to date with what is happening in the field) has the lowest latent factor coefficient but it does not significantly compromise the reliability of the construct.

4.10.4 Effects of funding on training

The study also investigated whether all entrepreneurs received funding for training. The results are presented in Table 4.35.

Table 4.35: Correlations between funding and training latents.

<table>
<tr><th colspan="3" rowspan="2">Pearson Correlation</th><th colspan="2">Level of Financing</th><th colspan="3">Training</th></tr>
<tr><th>Level of Private Debt Financing</th><th>Level of Private Equity Financing</th><th>Business Skills Training</th><th>Entrepreneurial Skills Training</th><th>Technical Skills Training</th></tr>
<tr><td rowspan="2">Level of Financing</td><td>Level of Private Debt Financing</td><td>Correlation
p-value
N</td><td>-</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Level of Private Equity Financing</td><td>Correlation
p-value
N</td><td>0.136
0.168
105</td><td>-</td><td></td><td></td><td></td></tr>
<tr><td rowspan="3">Training</td><td>Business Skills Training</td><td>Correlation
p-value
N</td><td>-0.023
0.816
104</td><td>-0.312**
0.001
106</td><td>-</td><td></td><td></td></tr>
<tr><td>Entrepreneurial Skills Training</td><td>Correlation
p-value
N</td><td>-0.075
0.445
106</td><td>-0.334**
0.000
109</td><td>0.911**
0.000
107</td><td>-</td><td></td></tr>
<tr><td>Technical Skills Training</td><td>Correlation
p-value
N</td><td>0.143
0.145
105</td><td>-0.127
0.188
109</td><td>0.717**
0.000
106</td><td>0.677**
0.000
109</td><td>-</td></tr>
<tr><td colspan="8">**. Correlation is significant at the 0.01 level (2-tailed).</td></tr>
</table>

The relationship between funding received and training can best be analysed using correlation analysis of latent variables or constructs derived from questions on funding and those derived from questions on training. The correlation matrix for these latent variables (constructs) is presented in Table 4.35. The results on Table 4.35 show that the level of equity financing has a negative impact on business skills training (corr=-0.312, p-value=0.001) and entrepreneurial skills training (corr=-0.334, p-value=0.000), that is the higher the level of equity financing the less the chance of getting business training and entrepreneurial skills training. Long, Ajagbe and Kowang's (2014) study on employees' turnover intention in SME considers employees as the most critical asset of a business and hence require training programmes to successfully deliver organisational goals. However, level of receipt of private debt financing does not have any effect on business skills training (corr=-0.023, p-value=0.816), entrepreneurial skills training (corr=-0.075, p-value=0.445) nor on technical skills training (corr=0.143, p-value=0.145). This means that the amount of private equity funding for small businesses does not guarantee various kind of training for the business

4.10.5 Impact of training on performance

The study also investigated whether training has an impact on performance. The results are presented in Table 4.36 below of the correlations between funding and training latents.

Table 4.36: Correlations between funding and training latents.

Pearson Correlations			Training			Business Performance:	
			Business Skills Training	Entrepreneurial Skills Training	Technical Skills Training	Business Performance: Growth	Performance: Profitability
Training	Business Skills Training	Correlation p-value N	-				
	Entrepreneurial Skills Training	Correlation p-value N	0.911** 0.000 107	-			
	Technical Skills Training	Correlation p-value N	0.717** .000 106	0.677** 0.000 109	-		
Business Performance	Growth	Correlation p-value N	0.338** 0.000 106	0.315** 0.001 109	0.587** 0.000 108	-	
	Profitability	Correlation p-value N	0.344** 0.000 104	0.316** 0.001 106	0.568** 0.000 105	0.947** 0.000 105	-

**. Correlation is significant at the 0.01 level (2-tailed).

The results presented in Table 4.36 show that business skills training is positively and significantly correlated to business growth (Corr=0.338, p-value=0.000) and profitability (Corr=0.344, p-value=0.000). Entrepreneurial Skills Training is positively and significantly correlated to business growth (Corr=0.315, p-value=0.001) and profitability (Corr=0.316, p-value=0.001). Technical skills training is positively and significantly correlated to business growth (Corr=0.587, p-value=0.000) and profitability (Corr=0.568, p-value=0.000). It also appears that technical skills training is the most important of the three forms of training as it has the largest effect sizes on the two business performance measurements. Acquiring training has a positive influence on growth and profitability. In the study conducted by Kim and Ployhard (2014) on the effects of staffing and training on firm productivity and profit growth, during and after the great recession show that when the economy is strong and growing, staffing and training will not only positively influence productively but also directly and positively influence profit and growth of the firm.

4.10.6 Effects of education on business performance.

The study also investigated the effects of education on business performance. The results are presented in Table 4.37 below of the correlations between funding and training latents.

Table 4.37: T-tests for differences in mean levels of accessibility to public finance between males and females.

Business Performance	Highest Educational Qualification	Summary Statistics			ANOVA Tests		
		N	Mean	Std. Deviation	F	(df1, df2)	p-value
Business Growth	None	1	5.00	-	2.018	5, 103	0.082
	Primary Schooling	4	3.06	1.48			
	Matric and below	37	3.73	0.89			
	Tertiary Certificate	37	3.46	0.93			
	Diploma/Degree	28	3.17	0.94			
	Postgraduate	2	2.81	0.27			
Business Profitability	None	1	5.00	-	1.951	5, 100	0.093
	Primary Schooling	4	2.88	1.53			
	Matric and below	37	3.62	0.95			
	Tertiary Certificate	36	3.36	0.94			
	Diploma/Degree	26	3.08	0.91			
	Postgraduate	2	2.75	0.35			

To assess the effects of education on business performance Oneway Analysis of Variance (ANOVA) tests were conducted. The results in Table 4.37 show that Education does not significantly affect business growth (F=2.018, df1=5, df2=108, p-value=0.082). The results also show that education does not significantly affect business profitability (F=1.951, df1=5, df2=100, p-value=0.093). There is a negative relationship between the level of education and business performance meaning the higher the educational levels of owners/managers the lower the growth prospects/profits of the business. This could mean that business owner/ managers with higher educational qualifications could be moonlighting over and above their normal business duties, which negative implications for business performance.

There is a negative relationship between low educational attainments (i.e. those without primary education) and the growth of the business. The relationship between education and growth become significant and positive with increase in educational attainments (that is the transition from primary to high school) and then starts to decline gradually and then considerably within post-secondary and tertiary education. A similar trend obtains for the relationship between educational attainments and profitability (see Table 4.1 and 4.2).

It can be inferred that virtual lack of education may entrap business owner/managers to make bad business and investment decisions which negatively affect growth and profitability of the business. Alternatively, this might mean that there were very few people with no education. An increase in educational attainments (from primary to matric) also results in an increase in business growth and profitability implying that education increase the owner/managers' awareness of business related activities such business management, strategic management, marketing strategies which contribute to improved business growth and profitability. Chinoso, Elom, Ituma, Opara, Ukwa, Inyiagu and Ndem (2014) conducted a study on the influence of entrepreneurship education on students' attainment of business development awareness and skills acquisition in Nigeria. The results indicate that having awareness in business development is an act of developing ground-breaking strategies for earning livelihoods that help the entrepreneur to know areas of the business such as improved management skills that will increase the profits for the business.

The decline in profits and profitability with increase in education may mean that people with her educational attainments might be having other commitments other than running the business which could be compromising business performance. Vaughan's (nd) study on system implementation success factors states that when an owner/manager demonstrates a lack of commitment, this will result in the permeation of indifference and resistance in the organisation, which can compromise business productivity.

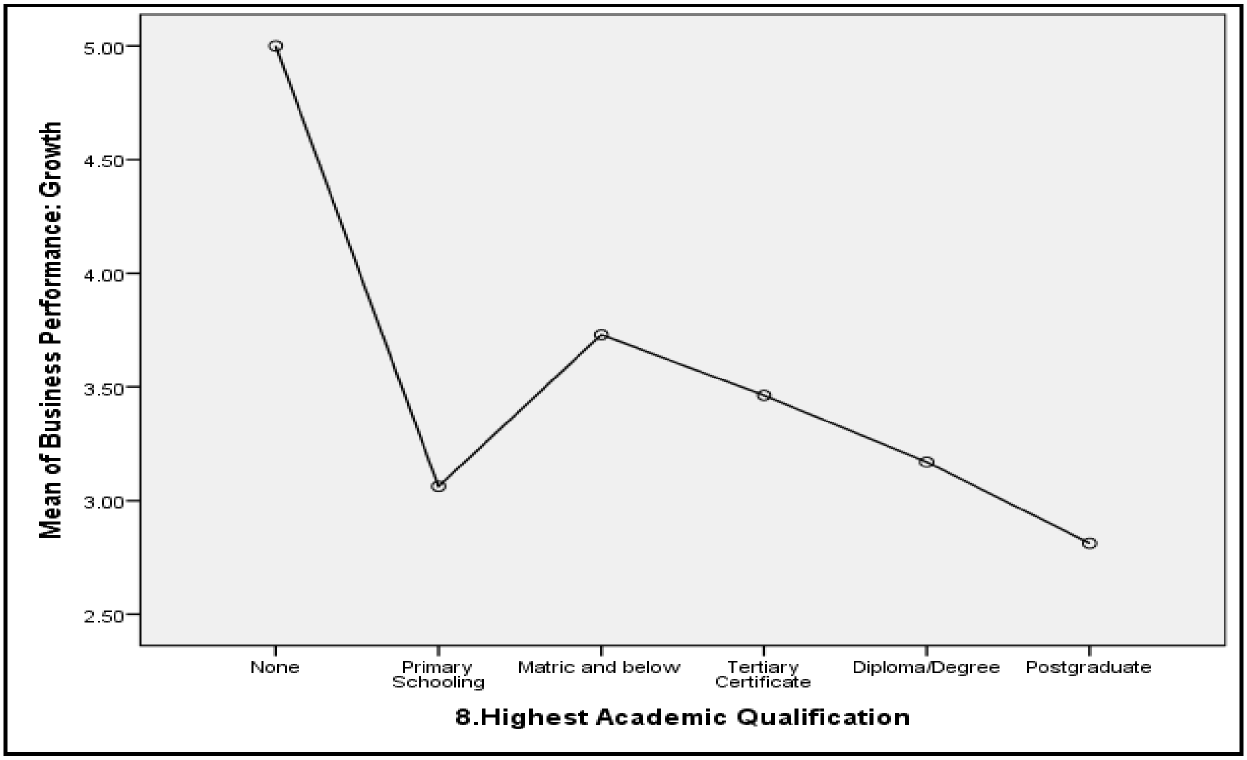


Figure 4.1. Business growth by educational attainments

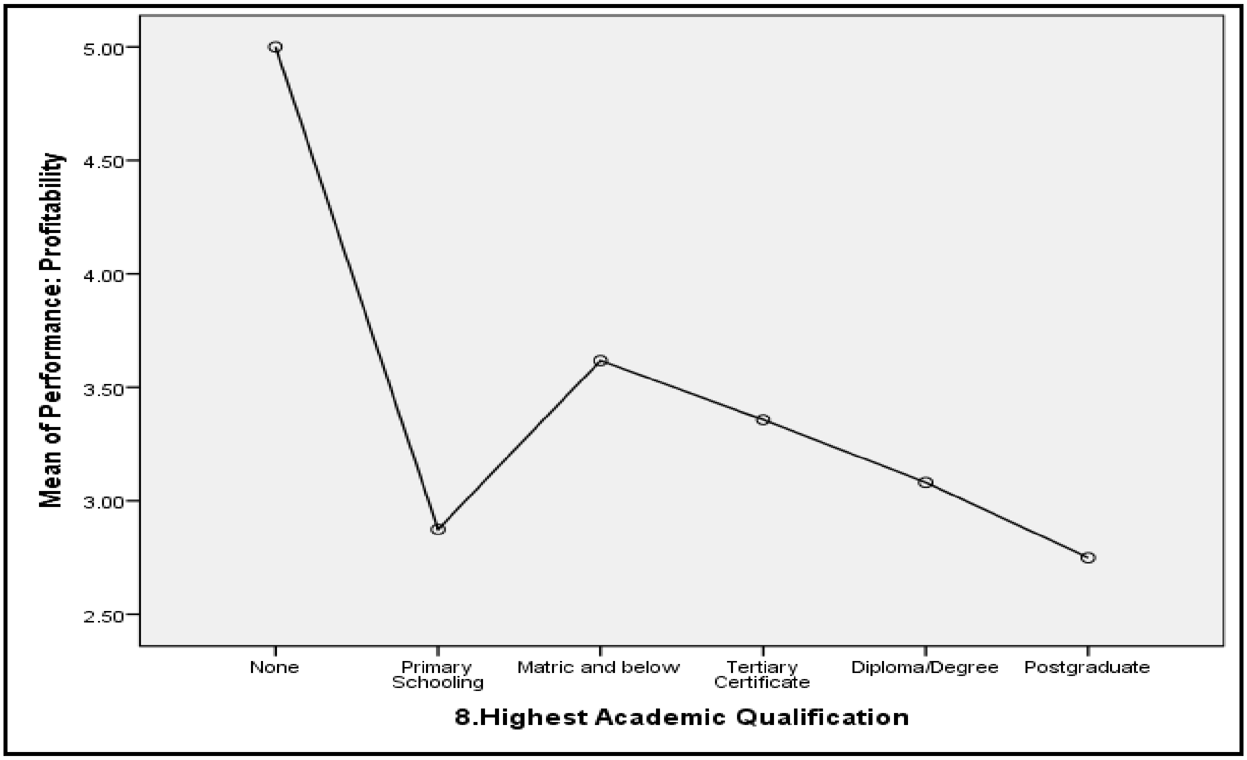


Figure 4.2. Business profitability by educational attainments

4.11 BUSINESS PERFORMANCE

Although there are multiple measures of business performance in literature, this study measured business performance using two key constructs, namely, growth and profitability. The two constructs are summarised in Tables 4.38 and 4.43.

4.11.1 Business growth

4.11.1.1 Business growth

Table 4.38 shows that 64.5% of the respondents hold the view that public funding helped their businesses to grow, while 64.2% think that it has helped increase the number of employees in the past 5 years.

Table 4.38 Business growth

Growth		Frequency Distribution						Descriptive		Latent Factor Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean	Std Dev	
Q85. Public funding has helped business to grow	Count	8	12	19	44	27	64.5%	3.64	1.18	0.722
	%	7.3%	10.9%	17.3%	40.0%	24.5%				
Q86. Employee numbers have increased in the past 5 years because of public funding	Count	8	12	19	46	24	64.2%	3.61	1.16	0.756
	%	7.3%	11.0%	17.4%	42.2%	22.0%				
Q87. Public funding has led to an increase in the return on investment	Count	6	15	23	42	24	60.0%	3.57	1.14	0.756
	%	5.5%	13.6%	20.9%	38.2%	21.8%				
Q88. Public funding has led to an increase in profit	Count	7	15	21	39	28	60.9%	3.60	1.19	0.725
	%	6.4%	13.6%	19.1%	35.5%	25.5%				
Q89. Private funding has helped business to grow	Count	21	5	21	41	22	57.3%	3.35	1.37	0.783
	%	19.1%	4.5%	19.1%	37.3%	20.0%				
Q90. Private funding has led to an increase in the number of employees	Count	22	3	20	44	21	59.1%	3.35	1.37	0.758
	%	20.0%	2.7%	18.2%	40.0%	19.1%				
Q91. Private funding has led to an increase in the return on investment	Count	23	3	27	36	21	51.8%	3.26	1.38	0.756
	%	20.9%	2.7%	24.5%	32.7%	19.1%				
Q92. Private funding has led to an increase in business profit	Count	22	6	19	42	21	57.3%	3.31	1.39	0.773
	%	20.0%	5.5%	17.3%	38.2%	19.1%				
	Cronbach's Alpha							0.891		
	% of total variation accounted for by latent factor							56.82%		

The respondents' views with regard to public funding shows that 60% think it has increased their return on investment, 57.3% note that it helped business growth and a similar 57.3% link public funding to the growth of profitability. It can be interpreted that having public finance assists the business to perform better in terms of growth and contributes to increases in the number of employees, return on investment and the business' profitability. These findings resonate with Jacobs' (2011) study on the differences in employee turnover across key industries' business performance on the basis of sales turnover, profits, rates on return on investments and number of employees, which shows that the performance is positively influenced by the provision of public funding.

The construct of business growth consists of 8 questionnaire items with very high internal consistency (Cronbach's Alpha=0.891) which is an indication of high reliability. The construct retained all 8 items as they have high coefficients (all positive and at least 0.700).

4.12 EFFECTS OF PRIVATE AND PUBLIC FUNDING ON BUSINESS GROWTH (OBJECTIVE 6)

A correlation analysis was used to investigate the impact of funding on business growth.

4.12.1 Private funding and growth

Table 4.39 presents the correlations between private funding variables and business growth. The level of private equity financing (correlation=-0.200, p-value=0.038), attractiveness of interest rates for private equity financing (correlation=-0.265, p-value=0.005) and accessibility of funding from private equity financing (correlation=-0.205, p-value=0.003), significantly and negatively impact on business growth, albeit with a very small effect size. There is a negative relationship between private financing and business growth, which indicates that the higher the funding from private equity financing the lower the business growth. Privately sourced equity financing is expensive and repayments are normally burdensome, which may result in a stunted growth for the business. The Chamber's Centre for Capital Markets Competitiveness Report (CCMC) (2011) on sources of capital and economic growth states that the repayment of private financing is expensive and burdensome, especially to emerging businesses. While there is a negative correlation between private equity financing and business growth the correlation is of very small effect size, that is, the relationship is not strong even though it is statistically significant.

The level of Private Debt Financing (correlation=0.076, p-value=0.442), Attractiveness of Interest rates for Private Debt Financing (correlation=-0.006, p-value=0.949), Accessibility of funding for Private debt Financing (correlation=-0.070, p-value=0.469) and Financial Value of funding from Private Institutions (Banks) (correlation=-0.054, p-value=0.582) has no significant impact on business growth. The table below presents the results.

Table 4.39: Correlations between private funding and business growth

Pearson's Correlations			Private Funding: Level of Private Debt Financing	Level of Private Equity Financing	Attractiveness of Interest rates for Private Debt Financing	Attractiveness of Interest rates for Private Equity Financing	Accessibility of funding for Private debt Financing	Accessibility of funding for Private Equity Financing	Financial Value of funding from Private Institutions (Banks)
Private Funding	Level of Private Debt Financing	Correlation							
		p-value	-						
		N							
	Level of Private Equity Financing	Correlation	0.136						
		p-value	0.168	-					
		N	105						
	Attractiveness of Interest rates for Private Debt Financing	Correlation	0.817^{**}	0.129					
		p-value	0.000	0.186	-				
		N	105	107					
	Attractiveness of Interest rates for Private Equity Financing	Correlation	0.056	0.700^{**}	0.202^{*}				
		p-value	0.566	0.000	.036	-			
		N	106	109	108				
	Accessibility of funding for Private debt Financing	Correlation	0.716^{**}	0.170	0.751^{**}	0.169			
		p-value	0.000	0.078	.000	0.077	-		
		N	106	109	108	110			
	Accessibility of funding for Private Equity Financing	Correlation	0.030	0.798^{**}	0.040	0.738^{**}	0.229^{*}		
		p-value	0.765	0.000	0.680	0.000	0.016	-	
		N	105	108	107	109	109		
	Financial Value of funding from Private Institutions (Banks)	Correlation	0.570^{**}	0.155	0.587^{**}	0.203^{*}	0.582^{**}	0.127	
		p-value	0.000	0.113	.000	0.036	0.000	0.194	-
		N	104	106	106	107	107	106	
Business Performance: Growth		Correlation	0.076	-0.200^{*}	-0.006	$0\text{-}.265^{**}$	-0.070	-0.205^{*}	-0.054
		p-value	0.442	0.038	.949	0.005	0.469	0.033	0.582
		N	105	108	107	109	109	108	106

4.12.2 Public funding

Table 4.40 presents the correlations between public funding variables and business growth. Accessibility to Public Funding Institutions (correlation=-0.202, p-value=0.036) and Accessibility of Public Equity Financing (correlation=-0.256, p-value=0.007) significantly and negatively impact on business growth with very small effect size. In addition, the Attractiveness of interest rates of Public Funding Institutions (correlation=-0.169, p-value=0.080) and Accessibility of Public Debt Financing (correlation=-0.167, p-value=0.082) do not have any significant impact on business growth. Public equity financing has a negative relationship on business growth, implying that the more public equity financing lower the chances of growth for the business (Dynamic funds, 2015). There is also a negative correlation between public equity financing and business growth, with the correlation being of a small effect size and thus indicating that the relationship is weak even though it is statistically significant. The explanation for this might be the mediating variables that cause a negative relationship.

Table 4.40: Correlations between public funding and business growth

			Public Funding				Business Performance: Growth
			Accessibility to Public Funding Institutions	Attractiveness of interest rates of Public Funding Institutions	Accessibility of Public Equity Financing	Accessibility of Public Debt Financing	
Public Funding	Accessibility to Public Funding Institutions	Correlation p-value N	-				
	Attractiveness of interest rates of Public Funding Institutions	Correlation p-value N	0.848** 0.000 108	-			
	Accessibility of Public Equity Financing	Correlation p-value N	0.760** 0.000 109	0.757** 0.000 109	-		
	Accessibility of Public Debt Financing	Correlation p-value N	0.861** 0.000 109	0.859** 0.000 109	0.816** 0.000 110	-	
Business Performance: Growth		Correlation p-value N	-0.202* 0.036 108	-0.169 0.080 108	-0.256** 0.007 109	-0.167 0.082 109	-

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

4.12.3 Business profitability and growth

Table 4.41: Business profitability

Profitability		Frequency Distribution: Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Descriptives: Mean	Std Dev	Latent Factor Coefficient
Q.93. Public funding has led to growth of the business	Count	12	9	18	48	23	64.5%	3.55	1.22	0.685
	%	10.9%	8.2%	16.4%	43.6%	20.9%				
Q94. Public funding helped the business to meet its financial targets	Count	10	12	29	38	21	53.6%	3.44	1.18	0.727
	%	9.1%	10.9%	26.4%	34.5%	19.1%				
Q95. Public funding has led to an increase in gross profit margin	Count	12	11	27	39	20	54.1%	3.40	1.22	0.725
	%	11.0%	10.1%	24.8%	35.8%	18.3%				
Q96. Public funding has led to the generation of profit	Count	13	8	32	36	21	51.8%	3.40	1.22	0.735
	%	11.8%	7.3%	29.1%	32.7%	19.1%				
Q97. Private funding has helped the business to grow	Count	20	8	23	36	21	52.8%	3.28	1.37	0.768
	%	18.5%	7.4%	21.3%	33.3%	19.4%				
Q98. Private funding has helped the business to meet its annual financial target	Count	21	5	29	33	20	49.1%	3.24	1.35	0.782
	%	19.4%	4.6%	26.9%	30.6%	18.5%				
Q99. Private funding has led to the increase in gross profit margin	Count	22	7	24	35	22	51.8%	3.25	1.39	0.792
	%	20.0%	6.4%	21.8%	31.8%	20.0%				
Q100. Private funding has helped the business to generate profit income	Count	22	8	28	30	22	47.3%	3.20	1.39	0.802
	%	20.0%	7.3%	25.5%	27.3%	20.0%				
	Cronbach's Alpha							0.891		
	% of total variation accounted for by latent factor							56.68%		

Table 4.41 shows the results from the respondents' views on the effects of public spending on profitability. 64.5% of the respondents believe that public funding has led to business growth, 53.6% are of the view that the business meets its financial obligations, while 54.1% think that public funding has led to an increase in gross profit margin. A total of 51.8% of the respondents agree/strongly agree that the generation of profit income can be attributed to public funding, whilst 52.8% believe that public funding has helped their businesses to grow. Therefore, public financial viability helps the business to perform better financially, increase income and promote growth within the business. Jacobs,

(2011) notes in concurrence that funding within the business leverages the performance of the business though increased growth, increased profits and income

The construct of business profitability consists of 8 questionnaire items with high internal consistency (Cronbach's Alpha=0.891), which is an indication of high reliability. The construct retained all 8 items as they have high coefficients (all positive and at least 0.680).

4.13 EFFECTS OF PRIVATE AND PUBLIC FUNDING ON BUSINESS PROFITABILITY (OBJECTIVE 7)

As with business growth, correlation analysis was used to investigate the impact of private funding on business profitability.

4.13.1 Private funding and business profitability

Table 4.42 presents the correlations between private funding variables and business profitability. The level of Private Equity Financing (correlation=-0.235, p-value=0.016), Attractiveness of Interest rates for Private Equity Financing (correlation=-0.280, p-value=0.004) and Accessibility of funding for Private Equity Financing (correlation=-0.259, p-value=0.008) significantly and negatively impact on business profitability. In addition, the level of Private Debt Financing (correlation=0.090, p-value=0.366), Attractiveness of Interest rates for Private Debt Financing (correlation=0.013, p-value=0.899), Accessibility of funding for Private debt Financing (correlation=-0.079, p-value=0.420) and Financial Value of funding from Private Institutions (Banks) (correlation=-0.019, p-value=0.852) do not have any significant impact on business profitability. There is also a negative relationship between accessibility of private equity financing and business profitability. This suggests that the high repayment costs of privately-sourced finance impact negatively on the business during the pay back and thus undermine business growth. More so, the mediating variables among private and business profitability may also contribute to this negativity. The Chamber's Centre for Capital Markets Competitiveness Report (CCMC) (2011) supports this finding on the costly nature of private equity financing. Therefore, there is a negative correlation between private equity financing and business profitability, but the correlation is of very small effect size, as the relationship is not very strong even though it is statistically significant.

Table 4.42: Correlations between private funding and business profitability

Correlations			Private funding						
			Level of Private Debt Financing	**Level of Private Equity Financing**	**Attractiveness of Interest rates for Private Debt Financing**	**Attractiveness of Interest rates for Private Equity Financing**	**Accessibility of funding for Private debt Financing**	**Accessibility of funding for Private Equity Financing**	**Financial Value of funding from Private Institutions (Banks)**
Private funding	Level of Private Debt Financing	Correlation p-value N	-						
	Level of Private Equity Financing	Correlation p-value N	0.136 0.168 105	-					
	Attractiveness of Interest rates for Private Debt Financing	Correlation p-value N	0.817** 0.000 105	0.129 0.186 107	-				
	Attractiveness of Interest rates for Private Equity Financing	Correlation p-value N	0.056 0.566 106	0.700** 0.000 109	0.202* 0.036 108	-			
	Accessibility of funding for Private debt Financing	Correlation p-value N	0.716** 0.000 106	0.170 0.078 109	0.751** 0.000 108	0.169 0.077 110	-		
	Accessibility of funding for Private Equity Financing	Correlation p-value N	0.030 0.765 105	0.798** 0.000 108	0.040 0.680 107	0.738** 0.000 109	0.229* 0.016 109	-	
	Financial Value of funding from Private Institutions (Banks)	Correlation p-value N	0.570** 0.000 104	0.155 0.113 106	0.587** 0.000 106	0.203* 0.036 107	0.582** 0.000 107	0.127 0.194 106	-
Performance: Profitability		Correlation p-value N	0.090 0.366 103	-0.235* 0.016 105	0.013 0.899 104	-0.280** 0.004 106	-0.079 0.420 106	-0.259** 0.008 105	-0.019 0.852 103

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

4.13.2 Public funding and business profitability

Table 4.43 presents the correlations between public funding variables and business profitability. Accessibility to public funding institutions (correlation=-0.261, p-value=0.007), public equity financing (correlation=-0.290, p-value=0.003) and public debt financing (correlation=-0.213, p-value=0.028) significantly and negatively impacts on business profitability, while the attractiveness of public funding institutions' interest rates (correlation=-0.213, p-value=0.028) does not significantly impact on business profitability.

There is a negative relationship between public funding and business profitability. Public funding is not easily accessible to most SMMEs and when they access it, there are exorbitant interest charges to pay back hence the difficulty of the businesses in generating sufficient profit in such scenarios due to a heavy burden loan repayments. The mediating variables may also be implicated in this negative relationship. Gbandi and Amissah's (2014) study on financing options for small and medium enterprises (SMEs) in Nigeria found out that many SMMEs do not have access to public funding and interest charged on loans are too high, hence the difficulty of generating profit for their businesses. While there is a negative correlation between public funding and business profitability the correlation is of a very small effect size, hence the relationship is weak even though it is statistically significant.

Table 4.43: Correlations between public funding and business profitability

			Public Funding				
			Accessibility to Public Funding Institutions	Attractiveness of interest rates of Public Funding Institutions	Accessibility of Public Equity Financing	Accessibility of Public Debt Financing	
Public Funding	Accessibility to Public Funding Institutions	Correlation	-				
		p-value					
		N					
	Attractiveness of interest rates of Public Funding Institutions	Correlation	0.848**	-			
		p-value	0.000				
		N	108				
	Accessibility of Public Equity Financing	Correlation	0.760**	0.757**	-		
		p-value	0.000	0.000			
		N	109	109			
	Accessibility of Public Debt Financing	Correlation	0.861**	0.859**	0.816**	-	
		p-value	0.000	0.000	0.000		
		N	109	109	110		
Performance: Profitability		Correlation	-0.261**	-0.186	-0.290**	-0.213*	-
		p-value	0.007	0.058	0.003	0.028	
		N	105	105	106	106	

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

4.14 SUMMARY OF THE CHAPTER

The chapter presented and discussed the results obtained from the data analysis. The results were presented in the form of tables, percentages. A Cronbach's alpha coefficient was used to test if the constructed variables were reliable.

The next chapter presents the conclusion, recommendations for practice and policy, as well recommendations for future research.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The previous chapter expressed the challenges of accessing private and public funding, which are the main sources of finance for SMMEs in the Afro hair salon industry. The also analysed, presented and discussed the findings on the influence of private and public finance on firm performance. This chapter, however, provides a conclusion to the study that is based on mainstream literature, the research questions and the empirical study. The chapter also outlines the recommendations for policy and practice, and the implications for future research.

5.2 CONCLUSION BASED ON LITERATURE REVIEW

A literature review was conducted to form the conceptual basis for this study. The resource-based view highlighted that firm's resources (which are public and private financing) are among the most strategic assets/resources, which are critical to the enhancement of the firm's competitive advantage and performance. Therefore, constrained access to sustained credit schemes from financial institutions such as banks undermines the steady flow of income to SMMEs (Nawai & Shariff, 2010) but may also affect the sustained productivity of such firms.

The Afro hair salon SMMEs found it considerably difficult to access funding from public financial institutions such as Khula Enterprise, SEDA, Tsumisano Trust fund, public credit schemes and other national as well as provincial government agencies. The difficulty in accessing public funds could be attributed to the reality that most hair salon owner/managers are owned by foreign nationals, an immigration status which disqualifies them from receiving public funding (Tengeh, Ballard & Slabbert, 2011). Access to private funding, such as bank loans, is also constrained by the SMMEs' short banking history, ambivalent credit record and lack of financial statements to back up their business performance (Nawai & Shariff, 2010; Pandula, 2011; Nyantakyi & Kyereh, 2015). Other challenges revolve around the lack of capacity or sheer reluctance of most Afro hair salons owner/managers to pay taxes due to their survivalist orientation and a lack of comprehensive and logical business plans, which complicate their access to finance from private financial institutions.

The difficulties of Afro hair salons in accessing private finance is also attributed to their lack of collateral security. The provision of financial facilities such as a short term personal loans, long term home loans, car loans and large overdrafts often require some form of debt financing and hence the importance of collateral (Mutezo, 2005:45). Given that the Resource Based View underpins the fundamental importance of financial resources to the competitiveness of firms (Penrose, 1959; Wernerfelt, 1984; Barney, 1991; Barney, 2003) retail and commercial banks' survival depends entirely on capital market acquisitions, equity financing, and mergers as well as through avoiding bad debts by reducing customers defaulting payments. The demands for collateral are the banks' pre-emptive strategy of eliminating risks of defaulting by most Afro hair salons. These SMMEs often do not have enough collateral to support their loans, hence the difficulty in accessing private finance.

It is also clear that literature often fails to make clear distinctions between public and private funding when mentioning the financing of SMMEs such as hair salons. There is a general consensus in literature that private funding from personal saving, and loans from friends, relatives and acquaintances, tend to be cheaper and more convenient to most foreign-owned hair salons than public funding such as NYDA, bank loans (Ivashina & Kovner, 2008; Axelson, 2013; NYDA, 2016). Public regulations authorise these public institutions to provide funding to South African citizens and to decline the funding of foreign nationals (NYDA, 2016). As a result, the fact that many of the hair salon businesses are foreign owned compels such businesses to depend on alternative sources of income such as personal savings and loans from friends and relatives. Therefore, it can be concluded, from the literature that, hair salon businesses in the Mangaung Metropolitan Area require a combination of public and private funding if they are to perform better and achieve their enterprise objectives.

5.3 CONCLUSION BASED ON RESEARCH QUESTIONS

The quantitative analysis techniques were used to examine eight research questions as formulated in Chapter 1. Each of the research questions is recapped in the subsequent sections of this chapter with its corresponding summary of findings and conclusion.

The main research question is: **What is the nature of the public and private funding of Afro hair salons in the MMA and their impact on the performance of these firms?** The results, as indicated in Table 4.4 to 4.24 and Table 4.39 to 4.43, show that Afro hair salons in the Mangaung Area have access to various forms of private and public funding. The study concludes that **Afro hair salons depend considerably on the NYDA as a form of public funding, and other forms of private funding from the *Matshonisas*, Community and group savings, family and friends, and to a lesser extent banks. It is also concluded that private and public funding have a negative and significant influence on the performance of Afro hair salons in MMA.**

Secondary question one: **What is the composition of the private funding of Afro hair salons financing (in terms of their working and start-up capital) in the MMA?** The results, as indicated in Tables 4.4 to 4.15, show that *Matshonisa*, community and group savings are the most accessible and attractive lenders for debt financing to hair salons compared to bootstrapping, NGOs, leasing companies and micro credit firms. As such, the funding from the *Matshonisas*, community and group savings makes a significant proportion of hair salons' financing of working or start-up capital. The study shows that 50.9% of Afro hair salon businesses borrow from the *Matshonisa*s, 52.7% borrow from community group savings, while for equity financing, 81.8% of Afro hair salons businesses borrow from family and friends. **Therefore, it is concluded that Afro hair salons have access to both the equity and debt financing for their working and start-up capital even though their sources tend to differ considerably. *Matshonisa*, community and group savings, family and friends also form the bed rock of hair salon's equity and debt financing.**

Secondary question two: **What is the composition and combinations of public funding employed in Afro hair salon financing in the MMA?** The results, as indicated from Table 4.16- 4.24, illustrate that the composition of public funding includes the NYDA, Khula Enterprise, SEDA, Tsumisano Trust Fund, public credit schemes funding, and other Government funding agencies. About 4.6% of the Afro hair salons depend on the NYDA funding, while 0.9% of Afro hair salons depend on the Khula Enterprise for funding and 2.7% of them depend on the Seda for funding. However, no Afro hair salon depends on Tsumisano Trust for funding, with 0.9% of them depending on public credit schemes for funding. Finally, 0.9% of Afro hair salons depend on government agencies for funding, while other Afro hair salon depended on provincial government for funding.

Overall, the NYDA financing is the most accessible type of debt funding from a public institution. It provides the largest value of funding and has the most attractive interest rates compared to other public institutions. The NYDA is viewed as the biggest and attractive lender to the community. **Therefore, it is concluded that, although Afro hair salons depend on a wide combination of funding sources such as the Khula Enterprise, SEDA, Tsumisano Trust, public credit schemes, government agencies and provincial government funding, the most dominant form of public financing is the NYDA.**

Secondary question three: **How is the impact of private funding on the quality of human resources of Afro hair salons in the MMA constituted?** The response to this question is split into two sections: the HRM practices employed by hair salon businesses and the impact of private funding on the quality of such practices.

Table 4.27, which focuses on recruitment, shows that a majority of the Afro hair salons are responsible for their own human resources and follow proper ways of recruiting, selecting, appointing, training and developing their human resources. About 50% of the Afro hair salons follow proper channels when recruiting, selecting, appointing, training and developing their human resources. The Table also indicates that Afro hair salons emphasise the following: 78.2% of hair salons require knowledge of the hair salon industry, 67.3% of hair salons do background checks (reference checks) during employee selection and 49.5% of Afro hair salons require qualifications from applicants. About 75% of the hair salon business owners also indicated that they provide their employees with a clear job description and 77.3% indicated that they provide their employees with a clear job specification. A total of 23.6% of the hair salon owner/managers, however, admitted to employing their family and friends. Table 4.28 shows that Afro hair salons offer market related salaries to their employees and that some of the employees are registered as tax payers. 40% of the hair salon owner/managers think that access to private financing influences the quality of training of employees and 50.9% of them that it impacts on the structure of compensation payable and 83.6% of owners believe that it enhances the confidentiality of their employee records. **Therefore, it is concluded that the provision of private funding influences and enhances the quality of HRM practices of their businesses. In particular, the provision of private funding positively affects the training development, compensation structure and the professional record management of the business.**

Secondary question four: **How is the impact of public funding on the level of technology acquisition in Afro hair salons in the MMA constituted? The response to this question is split into two sections: the technology acquisition of the hair salons and the impact of public funding on the technology acquisition of such businesses.**

The findings in Table 4.30 show that 89.1% of the respondents are able to adapt to routine activities at work, with 85.5% of them holding the view that technology assists them with their daily activities, and 88.2% thinking that the acquisition of the latest technology makes their job easy on a daily basis. The Table also indicates that public funding helps small businesses to acquire the latest new technology. **It is therefore, concluded that access to public funding assists in acquiring latest technology for hair salon businesses. More importantly, such acquisitions have a direct influence on the improvement of the SMMEs' business processes.**

Secondary question five: **How is the training of Afro hair salons employees constituted?** The findings in Table 4.32 to 4.36 show that the majority, 56.4%, of the respondents claim that business training comprises business skills training, entrepreneurial skills and technical skills training. Overall the greatest amount of training is in the area of business skills. **Therefore, it is concluded that a majority of Afro hair salons provide diversified training to their employees.**

Secondary question six: **What is the influence of public and private funding on the growth of Afro hair salon businesses in the MMA?** This question investigated whether private and public finance has an influence on Afro hair salons' performance. Cross-tabulations were conducted on private funding and business growth, and public funding and business growth to establish if there were some correlations between them (Tables 4.39 and 4.40). The evidence suggests that private funding is not statistically significantly related to business growth (correlation=-0.205, p-value=0.003). It also proposes that public funding is not statistically significantly related to growth (correlation=-0.256, p-value=0.007). The findings led to the conclusion **that private and public funding do not significantly impact on business growth.**

Sub-question seven: **What is the influence of public and private funding on the profitability of these Afro hair salons?** Cross-tabulations between private funding and business profitability, and public funding and business profitability sought to establish if there are statistically significant relationships between these funding sources and profitability of the business. **It is concluded, basing on table 4.42 that, there is a statistically weak correlation between private funding variables and business profitability. The levels of private equity financing, attractiveness of interest rates for private equity financing and that of accessibility of funding for private equity financing, significantly and negatively impact on business profitability. In addition, the levels of Private Debt Financing, Attractiveness of Interest rates for Private Debt Financing, Accessibility of funding for Private debt Financing and that of the Financial Value of funding from Private Institutions (Banks), do not have any significant impact on business profitability.**

Table 4.43 leads to the conclusion that the correlations between public funding variables and business profitability are statistically significant and weak. In addition, accessibility to public funding institutions, public equity financing and public debt financing, significantly and negatively impact on business profitability, while the attractiveness of interest rates of public funding institutions does not significantly impact on business profitability.

5.4 RECOMMENDATIONS

A number of recommendations were on the findings from the discussions in Chapter 5 as well as from conclusions in the previous section of this chapter.

5.4.1 RECOMMENDATIONS FOR POLICY AND PRACTICE

Firstly, the results illustrates that Afro hair salons have access to both private and public funding which helps their enterprises to perform well financially. Private funding is the most accessible type of finance than public funding. It is therefore, recommended that there should be more improved accessibility to public funding so that it eases the strain on private funding. The government and public financial institutions, such as the NYDA, SEDA, Khula Enterprise Funding, Tsumisano Trust Funding and banks should focus on developing grant proposal writing and nascent entrepreneurial skills to secure funding as well as develop alternative pathways for the entrepreneurs to improve their business performance.

Secondly, since many hair salon SMMEs were aware of and depended on NYDA as a public funding institution, there is need to broaden the SMMEs' awareness of other public funding agencies to ease the financial strain on the NYDA. It should also be the strategic vision of Department of Trade and Industry (DTI) to increase SMME awareness of all the public agencies that can support their activities to ensure a broad-based economic participation and inclusive growth (Laue, Leleux & Pulcrano, 2013). Organisations such as SEDA and Ntsika Enterprise Promotion Agency (NEPA), which were established within the domain of the DTI to support all the qualifying enterprises, should gain more public visibility through the DTI. The accessibility of public funding through the enhanced efficiency of brokerage services is critical to the facilitation of networking, building of associations, project funding and improved performance of the business.

Thirdly, the owner/managers of Afro hair salons demonstrated an understanding of the appropriate application of human resources management practices. That said, the hiring of family members and friends, whose experience and qualifications could be questionable, casts doubt on whether these HRM practices are consistently implemented. In view of this, it is important for the SMMEs to establish a critical human resource development planning strategies (e.g. human resource supply and demand forecasting) that emphasise the acquisition of well qualified, well experienced and adequate human resources to meet their strategic goals and operational plan (Combee, 2010). The development of human resource plans can also assist hair salons to keep abreast with the social, economic and legislative trends that impact on their HRM practices. Therefore, it is recommended that human resource planning must continually monitor and forecast personnel needs and concerns and apply HRM practices fairly and honestly at all times with due cognisance of best international HRM practices to improve the performance of small enterprises.

Fourthly, the results shows that owner/managers of Afro hair salons offer training to their employees and acquire the latest technology that assists the employees to do their daily jobs easier and efficiently. Training employees indeed helps with the provision of new skills that help employees to perform their job better, just as acquiring technology/equipment is an essential step in executing the operational model of the enterprise. Since employee training does not currently involve office management and technology training, it is recommended that SMMEs broaden their diverse training to cover these areas to ensure more effective resource management in view of their limited range of funding options (OECD, 2007). It is further recommended that they institute improved investor programmes and venture forums to support SMMEs businesses to diversify their funding sources. This is critical in view of the significant and negative relationships among private funding sources, interest charged and the growth of such SMMEs – pointing to both the inaccessibility and exorbitant interest which undermine the growth prospects of these firms.

The national government should draw the *Matshonisa* into the mainstream economy and develop a national legal framework for the regulation of their activities. This is critical to stabilize their high interest rates which border on illegally.

Lastly, the lack of financial inclusion does not necessarily mean a complete lack of access. Some enterprises may have access to financial services at affordable prices, but choose not to use certain financial services due to their self-efficacy beliefs, while other enterprises may lack access due to the prohibitively high costs of access or that the services are simply unavailable because of regulatory barriers, legal hurdles, or an assortment of market. However, the key issue is the degree to which the lack of inclusion derives from a lack of demand for financial services or from barriers that obstruct individuals and firms from accessing the services (Slavova, Heuër & Agster, 2015). Since the under utilisation of public sources may emanate from stringent regulatory rules applied by these funding agencies, such as the need for proof of income and for collateral, financial inclusion may involve the relaxation of these laws to broaden access for those SMME owner/managers who do not meet these requirements.

5.4.2 IMPLICATIONS FOR FURTHER RESEARCH

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

- Secondly, future studies should examine the environmental factors, such as the size of the industry clientele base, size of operations, market base and location advantages over and above the financing of hair salons, which shape hair salon performance.

- Lastly, other studies may also consider the mechanisms of improving funding for foreign immigrant-owned businesses as they are the critical vehicles for economic growth, job creation and poverty reduction.

5.5 SIGNIFICANCE OF THE STUDY

Although this study makes several important contributions to theory and practice, two issues worthy of mentioning and these are:

Afro hair salon SMMEs will benefit from this study through the use of a combination of private and public funding sources to finance their businesses rather than confine themselves to limited sources of public or private funding.

The study has also pointed out particular kinds of financing that are positively related to the growth of the business. To this end, these findings will assist the SMME business in general on which particular public and private funding to concentrate on, especially those that ensure the growth of the business, rather than an indiscriminate approach that results in marginal financial gains.

5.6 LIMITATIONS OF THE STUDY

The study was constrained by the following factors:

- Hair salons are always busy, which made it difficult for most respondents to complete the questionnaires. To counter this, the researcher administered the questionnaires to respondents in a way that left them to complete when they were not busy and collected the questionnaire some days later.

- Generalisability was limited due to the limited geographical scope of the study.

- The researcher was unable to conduct interviews as originally planned in order to triangulate data because the respondents refused to complete the questionnaire and then be interviewed after. However, the researcher was able to collect sufficient data from the questionnaires to conduct on in-depth statistical analysis.

- The other challenge was the unsubstantiated suspicion from Afro hair salon owner/managers that the researcher was a competitor trying to clandestinely find out some information on their dealings. The researcher had to give out the letter of introduction from the Faculty Research and Innovation Committee (FRIC) to inform the participants that the information supplied would only be used for the purpose of the study and not be given out to other people.

5.7 CONCLUDING REMARKS

This chapter concluded the report on the study on combined influence of funding amongst Afro hair salons in Mangaung Metropolitan Area in the Free State Province of South Africa. The chapter has provided conclusions based on the literature findings as well as the empirical study. Recommendations stemming from these conclusions were made on policy and practice as well as for future research.

REFERENCES

Ackah, J. & Vuvor, S. 2011. The Challenges faced by Small & Medium Enterprises (SMEs) in Obtaining Credit in Ghana. Unpublished Masters Dissertation. Ghana: Blekinge Techniska Hogskola.

Acosta, P.S. & Cerdan, A.L.M. 2008. Analyzing e-business value creation from a resource-based perspective. *International Journal of Information Management,* 26: 49-60.

Acosta, P.S., Palacios, R.C. & Loukis, E.N. 2011. A review of the RBV of the firm within the e-Business literature: What's next? *Interdisciplinary Journal of Research in Business,* 1(1): 45-52.

Adnan, Z., Abdullah, H.S. & Ahmad, J. 2011. Direct influence of human resource management practices on financial performance in Malaysian R&D companies. *World Review of Business Research*, 1(1): 61-77.

Afolabi, B. & Macheke R. 2012. An analysis of entrepreneurial and business skills and training needs in SMEs in the plastic manufacturing industry in the Eastern Cape Province, South Africa. *International Review of Social Sciences and Humanities,* 3(2): 236-247.

Alasadi, R. & Abdelrahim, A., 2007. Critical analysis and modelling of small business performance (Case Study: Syria). *Journal of Asia Entrepreneurship and Sustainability*, 3(2): 1–131.

Ambrose, J. 2012. Venture capital (VC): The all important MSMEs financing Strategy under neglect in Kenya. *International Journal of Business and Social Science,* 3(21): 234-240.

Amoakoh, E.O. 2012. The status and influence of marketing research on the economic performance of hair salons in the Bophirima Region. Unpublished Master's thesis. Free State: Central University of Technology, Free State.

Analysis and uses of financial statements, 2006. *Delta Publishing Company*. [Online]. Available: http://khup.com/download/0_keyword-uses-an-limitaions-of-ratio-analysis/analysis-and-uses-of-financial-statements.pdf [2015, September 20].

Asiedu-Appiah, F., Aduse-Poku, O. & Abeeku-Bamfo, B. 2013. An Investigation into Recruitment and Selection Practices of Small and Medium Enterprises: Evidence from Ghana. *Global Advanced Research Journal of Management and Business Studies,* 2: 175-188.

Axelson, U. 2013. Borrow Cheap, Buy High? The Determinants of Leverage and Pricing in Buyouts. *The Journal of Finance*, 63(6): 2223-2267.

Ayyagari, M., Demirgüç-Kunt, A. & Maksimovic, V. 2008. Formal versus Informal Finance: Evidence from China. Policy Research Working Paper.

Azhanova, N. 2016. Social Entrepreneurship Development in Kazakhstan: Problems and Perspectives. In I Aaltio and M. Eskelinen (Eds). *Proceedings of the 11th European Conference in Innovation and Entrepreneurship,* 15 – 16 September 2016. Jyvaskla, Finland: The JAMK University Applied Science.

Azorin, J. F. M., Gamero, M, D, L., Moliner J. P. and Ortega, E. M. P. 2012. Mixed methods studies in entrepreneurship research: Applications and contribution. *International Journal*, *24*:425 – 456.

Badenhorst-Weiss, J.A. & Cilliers, J.O. 2014. Competitive advantage of independent small businesses in Soweto. *Southern African Business Review*, 18(3): 1-21.

Badulescu, D. 2011. Collateral in SMEs' lending: Banks' requirements vs customers' expectations. *The Annals of The "Ştefan cel Mare" University of Suceava. Fascicle of the Faculty of Economics and Public Administration*, 11(13): 2011 255.

Baker, S.E. 2012. How many qualitative interviews is enough? *Expert voices and early career reflections on sampling and cases in qualitative research* [Online]. Available: http://eprints.ncrm.ac.uk/2273/4/how_many_interviews.pdf [2016, September 29].

Bandor, M. 2007. Process and Procedure Definition: *A Primer* [Online]. Available: sei.cmu.edu/library/assets/process-pro.pdf [2016, September 29].

Barbosa E.G. & Moraes, C.C. 2004. Determinants of the Firm's Capital Structure*: The Case of the very Small Enterprises.* [Online]. Available: http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.195.4555&rep=rep1&type=pdf [2016, May 17].

Barney, J. 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1): 99-120.

Barney, J. 2001. Is the resource-based "view" a useful perspective for strategic management research? Yes. *Academy of Management Review*, 26(1): 41-56.

Barreira, J.C.D. 2004. The influence of Business Knowledge and work experience as antecendents to entrepreneurial success. Unpublished Master's thesis. Pretoria: University of Pretoria.

Bavdaz, M. Drnovsek, M. & Dolinar A.L. 2009. Achieving a response rate from fast-growing companies: the case of Slovenian gazelles. *Economic and business review*. 11(3): 187-203.

Beck, T. & Demirguc-Kunt, A. 2006. Small and medium-size enterprises: Access to finance as a growth constraint. *Journal of Banking and Finance,* 30(11): 2931-2943.

Beck, T. 2007. Financing Constraints of SMEs in Developing Countries: Evidence, *Determinants and Solutions* [Online] Available: https://pure.uvt.nl/ws/files/1107677/Financing_Constraints_of_SMEs.pdf [2015, April 12].

Berry, A., Von Blottnitz, M., Cassim, R., Kesper, A., Rajaratriam, B. & Van Seventer D.E. 2002. *The Economics of SMMES in South Africa* [Online]. Available: http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.473.1840&rep=rep1&type=pdf [2015, June 09].

Berry, P.R., Botha, S.M. & Doussy, F. 2013. *Basics Principles of Financial Accounting*. Lexis Nexis: South Africa.

Bertram, B. 2006. Likert Scales [Online]. Available: poincare.matf.bg.ac.rs/~kristina/topic-dane-likert.pdf [2015, September 16].

Blumberg, B.F. & Letterie, W.A. 2008. Business starters and credit rationing in small business. *Small Business Economics, 3*(1): 187-200.

BMG Research. 2013. Small and Medium-Sized Enterprise (Sme). *Journey Towards Raising External Finance* [Online]. Available: http://british-business-bank.co.uk/wp-content/uploads/2013/10/SME-Journey-Towards-Raising-Finance.pdf [2016, June 08].

BMRA Researchers Toolkit. 2003. Market research techniques. *Data collection methods – designing and conducting surveys* [Online]. Available: http://www.bmra.org.uk/researchers-toolkit/index.asp [2015, May 05].

Board of Governors of the Federal Reserve System. 2012. *Report to the Congress on the Availability of Credit to Small Businesses* [Online]. Available:

http://www.federalreserve.gov/publications/other-reports/files/sbfreport2012.pdf [2015, October 20].

Brandfort, D. L. & Burke, W.W. 2005. Reinventing organization development: *New approaches to change in organisations*. San Franscisco: Pfeiffer.

Brinckmann, J., Salomo, S. & Gemuenden, H. (2011). Financial management competence of founding teams and the growth of new technology-based firms. *Entrepreneurship Theory and Practice*, 35(2): 217-243.

Brink, A. & Cant, M. 2003. Problems experienced by small businesses in South Africa. *16th Annual Conference of Small Enterprise Association of Australia and New Zealand:* 1-20.

Bromideh, A.A. 2011. The widespread challenges of NGOs in developing countries: Case studies from Iran. *International NGO Journal,* 6 (9): 197-202.

Bryman, A. & Bell, E. 2007. *Business research methods.* 2nd Edition. New York: Oxford University Press Inc: New York. CA: Sage Publications.

Bryman, A. & Bell, E. 2011. *Business research methods*. New York: Oxford University Press.

Bukaliya, R & Aleck, H. 2012. Challenges affecting informal business funding in Zimbabwe: implications for the Zimbabwe Open University. *Journal of the African Educational Research Network*, 12(1): 57-72.

Business Case. 2007. *Can Microfinance be deliverable in a Sustainable Manner from a South African Perspective?* [Online]. Available: 08/06/2016 http://www.bankseta.org.za/downloads/iedp_uk_2007_microfinance_research_report.pdf [2016, June 08].

Buckley, J. 2014 Mapping of Sources of Funding for Female Economic Empowerment Projects and Programmes [Online]. Available: http://www.enterprise-development.org/wp-content/uploads/Mapping_of_sources_of_funding_for_female_economic_empowerment_projects_and_programmes.pdf [2017, February 20].

Cassar, G. 2004. The Financing of Business Start-Ups. *Journal of Business Venture* 19(2): 261-283.

Catholic Relief Services. 2011. *Human Resources* [Online]. Available: http://www.crs.org/sites/default/files/crs-files/institutional-strengthening-8-human-resources.pdf [2015, July 26].

Cecchetti, S. G., & Kharroubi, E. 2012. Reassessing the impact of finance on growth (No.381). Bank for International Settlements.

Chamber's Center for Capital Markets Competitiveness (CCMC). 2011. Sources of capital and economic growth: *Interconnected and Diverse Markets Driving U.S. Competitiveness* [Online]. Available: https://www.uschamber.com/sites/default/files/legacy/reports/sourcesofcapital_report1103.pdf [2015, August 30].

Chen, H., P. Gompers, A. Kovner, & J. Lerner 2010, Buy local? The geography of successful and unsuccessful venture capital expansion. *Journal of Urban Economics,* 57: 90- 102. Previously published as NBER Working Paper No. 15102, June 2009.

Chen D. & Han C. 2012. A Comparative Study of online P2P Lending in the USA and China. *Journal of Internet Banking and Commerce, 17*(2).

Chimucheka, T. &. Rungani, E.C. 2011. The impact of inaccessibility to bank finance and lack of financial management knowledge to small, medium and micro enterprises in Buffalo City Municipality. South Africa. *African Journal of Business Management,* 5(14): 5509-5517.

Chimucheka, T. 2013. Overview and performance of the SMMEs sector in South Africa. *Mediterranean Journal of Social Sciences,* 4(14): 783-794.

Chinoso, U., Elom,E.N, Ituma, A., Opara, P.N., Ukwa, N.J., Inyiagu, E.E. & Ndem, J. 2014. influence of entrepreneurship education on students attaining business development awareness and skills acquisition in Nigeria. Journal of Research & Method in Education, 4(3): 33-44.

City of Johannesburg Metropolitan Municipality Public Health By-laws. 2004. Published in Provincial Gazette Extraordinary No 179, 21 May 2004 (Under Notice No. 830).
Cobbett, W. 2008. *What is venture capital* [Online]. Available: http://www.smoothridetoventurecapital.com/P1.C01_What.is.Venture.Capital.pdf [2015, July 22].

Cohen, L. M., Manion, L. & Morrison, K. 2007. Research Methods in Education, 6th Edition, London: Routledge.

Collins, H. 2010 Creative Research: The Theory and Practice of Research for the Creative Industries AVA Publications, 38.

Combee, G.J. 2010. Human Resource Management in small size ambidextrous organizations. Unpublished Master’s thesis. Netherlands: University: University of Twente.

Cooney, T.M. 2012. *Entrepreneurship Skills for Growth-Orientated Businesses* [Online]. Available: https://www.oecd.org/cfe/leed/Cooney_entrepreneurship_skills_HGF.pdf [2015, July 22].

Creswell, J.W. 2014. *Research design*. 4th Edition. Thousand Oaks, California: Sage Publications.

Dabale, W.P., Jagero, N. & Nyauchi, M. 2014. The Relationship between Training and Employee Performance: The Case of Mutare City Council. Zimbabwe. *International Journal of Human Resource Studies,* 4(4): 61-72.

De Meza, D. 2002. Overlending? *Economic Journal,* 112(477): F17–F31.

De Vos, A.D., Strydom, H., Fourche, C., & Delport, C. 2011. *Research at grass roots: For social sciences and human service professions*. Pretoria: Van Schaik Publishers.

De Vos, A. S., & Strydom, H. F. 2005. *Research at Grass Roots for the social sciences and human service professions*. Cape Town: Juta.

Delmar, F. & Wiklund, J. 2008. The effect of Small Business Managers' Growth and Motivation on Firm Growth*. Entrepreneurship Theory Practice* 32(3): 437-453.

Delport, C.S.L. 2005. Quantitative data collection methods. In De Vos, A.S. (Ed.), Strydom, H., Fouché, C.B. & Delport, C.S.L. *Research at Grassroots: For the Social Sciences and Human Service Professions.* 3rd Edition. Pretoria: Van Schaik Publishers.

Demacon Market Studies. 2010. Chapter Twelve: Impact of Township Shopping Centres on local businesses and informal trade. July, 2010.

Dieden, S. 2007. The SME boom in rural South Africa links to electricity and telephony. Unpublished paper delivered at the *Nordic Conference in Development Economics*, 18-19 June 2007, University of Copenhagen.

Dixon, S. 2009. *A profile of temporary workers and their employment outcomes.* Wellington, New Zealand: Department of Labour.

Dockel, J.A. & Ligthelm, A.A. 2005. *Factors responsible for the growth of small businesses* [Online]. Available: http://www.sabinet.co.za/abstracts/ecoman/ecoman_v8_n1_a6.html [2015, January 28].

Dominguez, C. Varajão, J. Morgado, L. Oliveira, I. & Sousa, F. 2010. SME managers' most important entrepreneurship and business competences. *Enterprise Information Systems International Conference*, Viana do Castelo 2010.

Duan, H. Han, X. & Yang, H. 2009. An Analysis of Causes for SMEs Financing Difficulty. *International Journal of Business and Management,* 4(6): 73-75.

Dumbu, E. & Padamoyo, P. 2012. Managerial deficiencies in the Small and Medium Enterprises (SMEs) in the craft industry: An empirical evidence of SMEs at Great Zimbabwe in Chief Mugabe's area. *European Journal of Business and Management*, 4: 79-85.

Dynamic funds. 2015. *Fund Facts Dynamic Power American Growth Fund - Series T* [Online]. Available: http://www.dynamic.ca/pdfs_fundFactSheets/PW2K_T_EN.pdf [2016, September 29].

Ebiringa, O.T. 2011. Synthesis of literature on small & medium enterprise (SME) start-up financing. *International Journal of Economic Research,* 2(1): 85-95.

Edinburgh Group (EG). 2010. *Growing the global economy through SMEs. Growing the global economy through SMEs* [Online]. Available: http://www.edinburgh-group.org/media/2776/edinburgh_group_research_-_growing_the_global_economy_through_smes.pdf [2016, October 04].

Ehlers, T. & Lazenboy, K. 2007. Strategic Management. South Africa concept and cases 2nd Edition. Pretoria: Van Schaik.

Ehlers, T. 2014. *Understanding the challenges for infrastructure finance. Bank for International Settlements* [Online]. Available: http://www.bis.org/publ/work454.pdf [2015 April 12].

Engel, D. & Heger, D. 2005. Differences in Public and Private Venture Capital Companies' Activities: Micro econometric Evidence for Germany [Online]. Available: ftp://ftp.zew.de/pub/zew-docs/veranstaltungen/inno_patenting_conf/EngelHeger.pdf [2016, September 23].

Entrepreneurial Activities in Europe. 2014. *Policy Brief on Access to Business Start-up Finance for Inclusive Entrepreneurship* [Online]. Available: https://www.oecd.org/cfe/leed/Finacing%20inclusive%20entrepreneurship%20policy%20brief%20EN.pdf [2016, June 07].

Eresia-Eke C.E. & Raath C. 2013. SMME Owners' Financial Literacy and Business Growth. *Mediterranean Journal of Social Sciences,* 4*(13): 397-406.*

Fafchamps, M. & Owens, T. 2008. *The Determinants of Funding to African NGOs* [Online]. Available: http://www.penkenya.org/UserSiteFiles/public/challenges%20and%20opportunities%20facing%20NGOS.pdf [2016, September 28].

Fafchamps, M. & Schundeln, M. 2013. Local financial development and firm performance: Evidence from Morocco. *Journal of Development Economics*, 103: 15-16.

Fatoki, O. 2014. Enhancing access to external finance for new micro-enterprise in South Africa. *Journal of Economics*, 5(1):1-3.

Fatoki, O. 2014. The Financing Options for New Small and Medium Enterprises in South Africa. *Mediterranean Journal of Social Sciences,* 5*(20): 120-127.*

Feakins, M. 2005. Commercial banks' lending to SMEs in Poland. *Small Business Economics,* 1(8): 51-70.

Ferreira, J.J., Azevedo, S.G. & Ortiz, R.F. 2010. Contribution of Resource-Based View and Entrepreneurial Orientation on Small Firm Growth. *Cuadernos de Gestión,* 11(1): 95-116.

FinMark Trust. 2006. FinScope Small Business Survey Report 2006. Johannesburg: Finmark Trust.

Flore, B. 2004. A resource-based approach to performance and competition: An overview of the connections between resources and competition. Presented at the *2004 SMS Conference*, Puerto Rico, USA.

Foon, L.S. 2011. Capabilities differentials as strategic assets of firms: a pragmatic review. *SEGi Review,* 4(1): 143-164.

Foster, R.N. 1986. *Innovation: The Attacker's Advantage*. New York, NY: Summit Books.

Foxcrof, M., Wood W., Kew, K., Herrington, M. & Segal, N. 2002. Global Entrepreneurship Monitor South African Report.

Fredericks, N. 2014. Women in business: Meet network's leading lady, Small Business Connect, 12 August: 4.

Friebel, G. & Raith, M. 2006. Resource Allocation and Firm Scope. *IZA Discussion Paper No. 2249* [Online]. Available: http://ftp.iza.org/dp2249.pdf [2016, September 28].

Garcia, R., Lessard, D. & Singh, A. 2014. Strategic partnering in oil and gas: A capabilities perspective. *Energy Strategy Reviews,* 3: 21-29.

Gay, L.R., Mills, G.E. & Airasian, P. 2009. *Educational research: Competencies for analysis and applications.* 9th Edition. Upper Saddle River, NJ: Pearson.

Gbandi, E.C. & G. Amissah, G. 2014. Financing options for small and medium enterprise (SMEs) in Nigeria. *European Scientific Journal,* 10(1): 327-340.

Gichuki, J.A.W., Njeru, A. & Tirimba, O.I. 2014. Challenges Facing Micro and Small Enterprises in Accessing Credit Facilities in Kangemi Harambee Market in Nairobi City County, Kenya. *International Journal of Scientific and Research Publications*, 4(12): 1-25.

Gilmorea, A., Galbraith, B. & Mulvennac, M. 2013. Perceived barriers to participation in R&D programmes for SMEs within the European Union. *Journal of Technology Analysis & Strategic Management,* 25(3): 329-339.

Glasow, P.A. 2005. *Fundamentals of Survey Research Methodology* [Online]. Available: https://www.mitre.org/sites/default/files/pdf/05_0638.pdf [2016, September 29].

Global Partnership for Financial Inclusion (GPFI). 2011. SME Finance Policy Guide. Paper on Behalf of the Global Partnership for Financial Inclusion. IFC, Washington, DC.

Golafshani, N. 2003. Understanding Reliability and Validity in Qualitative Research. *The Qualitative Report,* 8(4): 597-607.

Government Gazette of the Republic of South Africa. 2003*. National Small Business Amendment Act, In Industry, (102) of 1996*. Cape Town: Government Printer.

Griffin, R.W., 2008. *Management.* 9th Edition., New York: Houghton Mifflin.

Gudov, A. 2013. Combining formal and informal financial resources-Russian Early entrepreneur and established firms of external financing. *Journal of Chinese Entrepreneurship,* 5(1): 39-60.

Gusdorf, M. 2008. Recruitment and Selection: *Hiring the Right Person a two-part learning module for undergraduate students* [Online]. Available: https://www.shrm.org/education/hreducation/documents/recruitment%20and%20selection%20im.pdf [2015, April 12].

Habia Skills Foresight Report. 2002. [Online]. Available: http://www.habia.org.uk/ [2015, November 24].

Hadjimanolis, A. 2000. A Resource-based View of Innovativeness in Small Firms. *Journal of Technology Analysis and Strategic Management,* 12(2): 263-281.

Hanclova, J., Rozehnal, P., Ministr, J. & Tvrdikova, M. 2015. The Determinants of IT Adoption in SMEs in the Czech-Polish Border Areas. *Journal of Information Technology for Development, 21*(3): 426-444.

Harash, E., Al-Tamimi, K. & Al-Timimi, S. 2014. The Relationship between Government Policy and Financial Performance: A Study on the SMEs in Iraq. *Journal China-USA Business Review,* 13(4): 290-295.

Harash, E., Al-Timimi, S. & Alsaadi, J. 2014. The Influence of Finance on Performance of Small and Medium Enterprises (SMES). *International Journal of Engineering and Innovative Technology (IJEIT)*, 4(3): 161-167.

Harash, E. Al-Timimi, S. Alsaadi, J. 2014. Effects of financing on performance of small and medium enterprises (SMEs), IPASJ International Journal of Management (IIJM),2(10): 006-012.

Harash, E., Fatima, J., A. & Essia R.A. 2013. Moderating Effect of Market practices on the Government policy -Performance Relationship in Iraq SMEs. *4th Global Conference for Academic Research on Economics, Business and Management (GCAR-EBM),* Malaysia: Kuala Lumpur.

Hazrita A.B., Rahim, H.A.B. & Bakar, S.M.A. 2014. The Impact of Financial Resources Management on SME Performance. *International Journal of Humanities and Social Science,* 4*(9): 198-200.*

Herrington, M. & Wood, E. 2003. Global Entrepreneurship Monitor South African Report.

Herrington, M. Kew, J. & Kew, P. 2009. Global Entrepreneurship Monitor, South African Report. [Online]. Available: http://www.gsb.uct.ac.za/files/gem2010report.pdf [2016, March 23].

Hongbo Duan, H., Han, X. & Yang, H. 2009. An Analysis of Causes for SMEs Financing Difficulty*. International Journal of Business Management,* 4(6): 73-75.

Horwitz, F. M. 2013. Human Resource Management in Southern Africa Multinational Firms: Considering an Afro-Asian Nexus. *Effective People Management in Africa*, 2: 126.

Howard E., Auken, V. & Neeley, L. 1996. Evidence of Bootstrap Financing Among Small Start-Up Firms. *Entrepreneurial and Small Business Finance,* 5(3): 235-249.

Hung, S-W. & Tang, R-H. 2008. Factors affecting the choice of technology acquisition mode: An empirical analysis of the electronic firms of Japan. *Korea and Taiwan. Technovation,* 28(9): 551–563.

Imran, M., Maqbool, N. & Shafique, H. 2014. Impact of Technological Advancement on Employee Performance in Banking Sector. *International Journal of Human Resource Studies,* 4(1): 57-70.

Industrial Development Corporation (IDC). 2014. Small business, huge potential for South Africa [Online]. Available: http://www.idc.co.za/home/media-room/articles/738-small-business,-huge-potential-for-south-africa.html [2016, September 28].

International Finance Corporation (IFC). 2010. *The SME Banking Knowledge Guide* [Online]. Available: http://www.ifc.org/wps/wcm/connect/b4f9be0049585ff9a192b519583b6d16/SMEE.pdf?MOD=AJPERES [2015, May 20].

International Labour Office (ILO). 2015. *Small and medium-sized enterprises and decent and productive employment creation* [Online]. Available: http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_358294.pdf [2016, October 04].

International Finance Corporation (IFC). 2006. Access to finance for women entrepreneurs in South Africa: challenges and opportunities [Online]. Available: http://www.ifc.org/wps/wcm/connect/d9b1840048855706bb4cfb6a6515bb18/Access+to+Finance+-+Women+in+South+Africa.pdf?MOD=AJPERES [2017, February 20].

Investorwords.2011. *Performance* [Online]. Available: http://www.investorwords.com/365/performance.html [2016, September 28].

Ismail, A.I., Rose, R.C., Uli, J. & Abdullah, H. 2012. The relationship between organizational resources, capabilities, systems and competitive advantage. *Asian Academy of Management Journal,* 14(1): 151-173.

Ismaila, B. 2011. Financial Performance Measurement of Manufacturing Small and Medium Enterprises in Pretoria: A Multiple Exploratory Case Study. Unpublished Master's thesis. Pretoria: University of South Africa.

Jacobs, A. 2001. *Financial Management IV (FMA 401-V).* Study guide 1. 3rd Edition. Pretoria: Technikon SA.

Jacobs, E. 2011. Executive brief: Differences in employee turnover across key industries. *The SHRM and Management Sciences Journal,* 4*:* 1- 11.

Jansen, M. & Lanz, R. 2013. *Skills and Export Competitiveness for Small and Medium-Sized Enterprises* [Online]. Available: https://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13prog_e/skills_and_export_competitiveness_e.pdf [2015, October 23].

Johannsmeier, C. 2007. The Social and Economic Effects of the Disability Grant for People with Disabilities and their Households – *A Qualitative Study in KwaZulu Natal Province* [Online]. Available: http://opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/1735/RR%2074.pdf?sequence=1 [2015, November 20].

Johnson, S. 2004. Gender Norms in Financial Markets: Evidence from Kenya. University of Bath, Bath, UK, World Development, 32(8): 1355-1374.

JTB Consulting. 2016. *Failure of business in South Africa is not a joke* [Online]. Available: http://jtbconsulting.co.za/the-failure-rate-of-businesses-in-south-africa-is-no-joke [2015, May 20].

Kalitanyi, V. & Visser, K. 2010. African immigrants in South Africa: Job takers or job creators? *South African Journal of Economic and Management Sciences,* 13(4): 376-390.

Kapopoulos, P. Lazaretou, S. 2005. Does corporate ownership structure matter for economic growth? *A cross-country analysis. Bank Greece Bank Working paper* [Online]. Available: http://siteresources.worldbank.org/DEC/Resources/16165_Does_Financial_Structure_matter.pdf [2016, September 28].

Kappel, R. & Ishengoma, E.K. 2006. Economic Growth and Poverty: Does Formalisation of Informal Enterprises Matter? German Institute of Global and Area Studies (GIGA), Hamburg. GIGA Working Papers No. 20.

Katou, A. & Budhwar, P. 2006. The effect of human resource system on organization performance: Test of a mediating model. *International Journal of Human Resource Management,* 17(7): 1223-1253

Katou, A. & Budhwar, S. 2010. Causal relationship between HRM practices and organisational performance: Evidence from the Greek manufacturing sector. *European Management Journal,* 28: 25-39.

Katwalo, A. M. & Mwiti, M.N. 2010. Competence and critical success factor development as an avenue for achieving sustainable micro and small enterprises in Africa. Repositioning African Businesses and Development for the 21 century: *Proceedings of the 10th Annual conference*, Simon Sique.

Kaufman, G. 2013. Too big to fail in banking: What does it mean? *Special Paper 222* [Online]. Available: http://www.lse.ac.uk/fmg/workingPapers/specialPapers/PDF/sp222.pdf [2016, September 22].

Kim, Y. & Ployhart, R.E. 2014. The Effects of Staffing and Training on Firm Productivity and Profit Growth Before, During, and After the Great Recession. Journal of Applied Psychology, 99(3): 361-389.

Kotey, B. & Slade, P. (2005). Formal human resource management practices in small growing firms. *Journal of Small Business Management,* 43: 16–40.

Kothari, C.R. 2004. *Methods and techniques*. 4th Edition. Daryaganj, New Delhi: New age International Publishers.

Kraemer, H. & Lang, F. 2012. The importance of leasing for SME finance. Working Paper 2012/15 EIF Research & Market Analysis.

Kumar, S. & Rao, P. 2015. A conceptual framework for identifying financing preferences of SMEs. *Small Enterprise Research*: 1-14.

Kumar. 2011. *Research Methodology-A Step-by-Step Guide for Beginners*. 3rd Edition. Singapore: Pearson Education.

Kung'u, G.K. 2011. *Factors influencing SMEs access to finance: A case study of Westland Division, Kenya*. MPRA Paper No. 66633 [Online]. Available: https://mpra.ub.uni-muenchen.de/66633/1/MPRA_paper_66633.pdf [2015, May19].

Kurtuluş, Y.G. 2014. Core Employees' Impact on the Performances of Turkish Large Firms: A Research in the Frame of the Resource-Based View of the Firm. *International Journal of Business and Management*, 9(12): 74-93.

Labonte, M. 2015. Systemically Important or Big to Fail Financial Institutions. *Congressional Research Service Report* [Online]. Available: https://www.fas.org/sgp/crs/misc/R42150.pdf [2015, October 20].

Lambe, C.J. & Spekman, R.E. 1997. Alliance, external technology acquisition, and discontinuous technological change. *Journal of Product Innovative Management*, 14(2) (1997): 102–116

Laosirihongthong, T., Prajogo, D.I. & Adebanjo, D. 2014. The relationships between firm's strategy, resources and innovation performance: Resources-based view perspective. *Production planning and control: the management of operations,* 25(15): 1231-1236.

Larsen, J.N. 2001. Knowledge, Human Resources and Social Practice: The Knowledge-Intensive Business Service Firm as a Distributed Knowledge System. *The Service Industries Journal,* 21(1):81-102.

Latham, B. 2007. Sampling: *What is it? Quantitative Research Methods* [Online]. Available: http://webpages.acs.ttu.edu/rlatham/Coursework/5377(Quant))/Sampling_Methodology_Paper.pdf [2015, October 23].

Laue, C., Leleux, B. & Pulcrano, J. 2013. Publicly Funded Research for SMEs: Is it worth trying? *An Analysis of Publicly Financed Biomedical Research in Swiss SMEs* [Online]. Available: http://www.imd.org/research/publications/upload/Publicly-Funded-Research-SMEs_v16_IMD_CL.pdf [2016, August 29].

Leedy, P.D. & Ormrod, J.E. 2005. *Practical Research: Planning and Design*. New Jersey: Pearson Education ink.

Lin, C. Peng C.H., China & Kao, D.T. 2008.The innovativeness effect of market orientation and learning orientation on business performance. *International Journal of Management*, 29(8): 752-772.

Lin, M.F. 2009. Peer-to-peer lending: An empirical study. Proceedings of the AMCIS 2009 Doctoral Consortium, San Francisco, California: 1-7.

Linnan, L., D'Angelo, H. & Harrington, C. 2014. Literature Synthesis of Health Promotion Research in Salons and Barbershops. *American Journal of Preventive Medicine*, 47(1): 77–85.

Lochner, L., Stinebrickner, T. & Suleymanoglu, U. 2013. *The importance of financial resources for student loan repayment.* NBER Working Paper No. 19716 [Online]. Available: www.nber.org/papers/w19716.pdf [2016, September 22].

Lockyer, C. & Scholarios, D. (2005). Selecting hotel staff: why best practice does not always work. *International Journal of Contemporary Hospitality Management*, 16(2): 121–135.

Long, C.S., Ajagbe, M.A. & Kowang, T. O. 2014. Addressing the Issues on Employees Turnover Intention in the Perspective of HRM Practices in SME. *Procedia-Social and Behavioral Sciences,* 129: 99-104.

Lowe, J. & Taylor, P. (1998). R&D technology purchase through license agreements: *Complementary strategies and complementary assets R&D Management*, 28(4): 263–278.

Lukhele, A. 1990 Stokvels in South Africa: Informal Savings Schemes by Black for the Black Community. Amagi Books: Johannesburg ele, A. (1990) Stokvels in South Africa: Informal Savings Schemes by Black for the Black Community. Amagi Books: Johannesburg.

Mac Bhaird, C. & Lucey, B. 2011. An empirical investigation of the financial growth lifecycle. *Journal of Small Business and Enterprise Development,* 18(4): 715-731.

Maduekwe, C.C. & Kamala, P. 2016. Performance measurement by small and medium enterprises in Cape Metropolis, South Africa. *Problems and Perspectives in Management*, 14(2): 46-55.

Mahadea, D. 2008. *The Environmental Context for SMME Entrepreneurship in Kwazulu-Natal*. University of Cape Town: School of Economics.

Mahasi, J., Awino, Z.B., Pokhariyal, G.P. & Ombaka, B. 2013.The influence of external stakeholders and expansion strategies on the relationship between organisational resources and firm performance. *Journal of Emerging Trends in Economics and Management Sciences (JETEMS*), 4(5): 449-459.

Mahmoud, M. 2013. *Microfinance in Africa: Overview and suggestions for Action by Stakeholder* [Online]. Available: http://www.un.org/en/africa/osaa/pdf/pubs/2013microfinanceinafrica.pdf [2015, August 27].

Maloka, C.M. 2013. The contribution of small, medium and micro enterprises towards local economic development in Mankweng township, Limpopo Province. Unpublished Masters Dissertation. South Africa: University of Limpopo.

Mambula, C. 2000. Perceptions of SME Growth Constraints in Nigeria. *Journal of Small Business Management, 40*(1): 58-65.

Mangaung Metropolitan Municipality. 2013. By-law relating to environmental health services as promulgated in Provincial Gazette No. 60 of 25 October 2013.

Mario, F. & Heiko. H. 2013. Firm resources and entrepreneurial orientation as determinants for collaborative entrepreneurship. *Management Decision Journal,* 51(3): 680-698.

Mashigo, P. 2012. The lending practices of township micro-lenders and their impact on the low-income households in South Africa: A case study for Mamelodi Township. *New Contree Journal*, 5: 25-46.

Mason, C. & Harrison, R. 2013. Business angel investment activity in the financial crisis: UK evidence and policy implications [Online]. Available: http://www.gla.ac.uk/media/media_286594_en.pdf [2015, August 10].

Maurel, C. 2008. Financial Approach to Export Performance in French Wine SMES. *In 4th International Conference of the Academy of Wine Business Research, Siena*, 17-19 July.

Mazanai, M. & Fatoki, O. 2012. Access to Finance in the SME Sector: A South African Perspective. *Asian Journal of Business Management,* 4(1): 58-67.

Mbonyane, B. L. 2006. An Exploration of Factors that Lead to Failure of Small Businesses in the Kagiso Township. Unpublished Mini dissertation. Krugerdorp:University of South Africa.

Mbonyane, B.L. 2006. An Exploration of Factors that Lead to Failure of Small Businesses in the Kagiso Township. Unpublished Masters dissertation, South Africa: University of South Africa.

McKaskill, T. 2009. *An Introduction to Angel Investing - A guide to investing in early stage entrepreneurial ventures* [Online]. Available: www.angelcapitalassociation.org/data/Documents/Resources/McKaskill_Intro_to_Angel_Investing.pdf [2015, June 03].

McLeod, S.A. 2014. The Interview Method [Online]. Available: http://www.simplypsychology.org/interviews.html [2015, June 03].

Mikhail, V., Gratchev & Maria, A. Bobina. 2001. Financial resources for new business in Russia: Desirables available, Venture Capital. *An International Journal of Entrepreneurial Finance,* 3(3): 263-274.

Ministry of industry and trade Dar es salaam. 2003. United Republic of Tanzania Small and medium Enterprise Development policy.

Mohd, S., M.N.M. & Peou, C. 2008. The relationship of entrepreneurial values, firm financing and the management and growth performance of small-medium enterprises in Cambodia. *Problems and Perspectives in Management,* 6(4): 55-64.

Mohutsiwa, M. 2012. Strategic entrepreneurship and performance of small and medium enterprises in South Africa. Unpublished Master's thesis. Johannesburg: University of Witwatersrand.

Mosweunyane, L.D. 2013. Records management practices of hair salons in Dr. Ruth Segomotsi Mompati District Municipality. Unpublished Master's thesis. Free State: Central University of Technology, Free State.

Mpiti, N. & Rambe P. 2016. The influence of public finance on the performance of SMMEs in the Free State: A case of Afro hair salons in Mangaung Metropolitan Municipality. *Proceedings of the 28th Annual Conference of the Southern African Institute of Management Scientists*. Pretoria: University of Pretoria: 436-449.

Mudzingwa, P. & Kabote, F. 2014. Exploring Modern Technology Adoption in Zimbabwe's Beauty Therapy Industry. *Journal of Humanities and Social Science*, 19(5): 44-48.

Mutezo, A.T. 2005. Obstacles in the SMME finance: An empirical perspective on Tshwane. Unpublished Master's thesis. Pretoria: University of South Africa.

National Audit Office (NAO). 2013. Planning for Economic Infrastructure. Report by the Comptroller and Auditor General, January.

National Credit Regulator. 2011. *Literature review on small and medium enterprises' access to credit and support in South Africa.* National Credit Regulator, Pretoria, South Africa. [Online] Available: http://www.ncr.org.za/pdfs/Literature%20Review%20on%20SME%20Access%20to%20Credit%20in%20South%20Africa_Final%20Report_NCR_Dec%202011.pdf [2015, February 05].

National Youth Development Agency (NYDA). 2015. *Turning dreams into a reality* [Online]. Available: http://www.nyda.gov.za/About-Us/nyda/Pages/default.aspx [2016, October 04].

National Youth Development Agency. 2016. NYDA funding/Entrepreneur [Online]. Available: http://www.nyda.gov.za/nydaidcsefa [2016, May 17].

National Venture Capital Association (NVCA). 2012. MoneyTree report, data: Thomson Reuters investments by region Q1 1995 - Q4 2012.

Naude, D. 2007. The degree of organizational performance measurement in SMEs. A focus on ICT enterprises. Unpublished Master's thesis. Pretoria: University of South Africa.

Navran, F. 2010, *Defining Values, Morals and Ethics-What is the difference between ethics morals and values*, 2 [Online]. Available: http:// http://www.navran.com/article-values-morals-ethics.html [2015, April 03].

Nawai, N. & Mohd Shariff, M.N. 2010. Determinants of Repayment Performance in Microcredit Programs: A Review of Literature. *International Journal of Business and Social Science,* 1(2): 152-161.

Neuman, L. 2011. *Social Research Method: Qualitative and Quantitative Approaches.* 7rd Edition. Boston: Pearson.

Nieman, G. 2001. Training entrepreneurs and small business enterprises in South Africa: A situational analysis. *Journal of Education and Training,* 43(8): 445-450.

Nieman, G. & Neuwenhuizen, C. 2009. *Entrepreneurship: A South African Perspective*. Pretoria: Van Schaik.

Nikkhah, H.A., Abu, S.A. & Redzuan, M. 2010. The Impact of NGO' functions on Women Participation in Capacity Building Programmes in Iran. *Journal of American Science,* 6(10): 752-761.

North, D., Baldock, R. & Ekanem, I. 2010. Is there a debt finance gap relating to Scottish SMEs? A demand-side perspective, venture capital. *An International Journal of Entrepreneurial Finance*, 12(3): 173-176.

Northern Illinois University (NIU) Faculty Development and Instructional Design Center. N.D. 2013. *Responsible conduct of Research* [Online]. Available: http://ori.dhhs.gov/education/products/n_illinois_u/datamanagement/dctopic.html (2015, March 09].

Ntsika Enterprise promotion agency). 2002 *The state of small business in South Africa, 2001 Annual review,* Pretoria: DTI.

Nunez, L., Forrester, C. & De Wet, T. 2008. *Part 2 – sub-study on credit and savings* [Online]. Available: http://www.ncr.org.za/pdfs/Research_Reports/Access%20and%20Use%20of%20credit.pdf [2016, June 05].

Nzonzo, J.C. & Matashu, M. 2014. An insight into the Human Resource Management Practices Adopted by Entrepreneurs in South Africa. *Journal of Small Business and Entrepreneurship Development,* 2(3): 73-87.

Obamuyi, T.M. 2011. Comparative Loan Performance in Banks and microcredit Institutions in Nigeria: A case study of Ondo State. *Global Journal of Management and business research,* 11(4): 61-68.

Ojokuku, R.M., Sajuyigbe, A.S. & Ogunwoye, A.B. 2014. Human resource management practices and small scale business performance: Evidence from Osun state, South Western Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 5(7): 1-6.

Ojokuku, R.M., Sajuyigbe, A.S. & Ogunwoye, A.B. 2014. Human resource management practices and small scale business performance: Evidence from Osun state, South Western Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 5(7): 1-6.

Olawale, F. & Garwe, D. 2010. Obstacles to the growth of new SMEs in South Africa: A principal component analysis approach*. African Journal Business Management,* 4(5): 729-738.

Oliphant, M.N. 2013. *Government notice Department of Labour: Bargain council for hairdressing, cosmetology beauty and skincare* [Online]. Available: www.gov.za/sites/www.gov.za/files/36156_rg9908_gon112.pdf [2016, June 09].

Onsongo, S.K.O. 2015. Factors Influencing the Growth of Hair Salon Enterprises in Kenya: A Surveyof Hair Salon Enterprises in Kisii Town. *Journal of Business and Management,* 17(3): 1-15.

Organisation for Economic Co-operation and Development (OECD). 2013. The role of banks, equity markets and institutional investors in long-term financing for growth and development [Online]. Available: http://www.oecd.org/finance/private-pensions/G20reportLTFinancingForGrowthRussianPresidency2013.pdf [2016, .June 09].

Organisation for Economic Co-operation Development (OECD). 2007. *Innovation and growth rationale for an innovation strategy* [Online]. Available: http://www.oecd.org/science/inno/39374789.pdf [2016, September 29].

Osano, H. & Languitone, H. 2016. Factors influencing access to finance by SMEs in Mozambique: case of SMEs in Maputo central business district. *Journal of Innovation and Entrepreneurship,* 5(13): 1-16.

Ou, C. & Haynes, G.W. 2006. Acquisition of additional equity by small firms; finding from the national survey of small business finance. *Journal of Small Business Economics,* 27(1): 157-168.

Pandey, P. & Pandey, M.M. 2015. *Research methodology: tools and techniques* [Online]. Available: http://euacademic.org/BookUpload/9.pdf [2016, September 29].

Pandula, G. 2011. An empirical investigation of small and medium enterprises' access to bank finance: the case of an emerging economy*. ASBBS Annual Conference*: Las Vegas*, 18*(1): 255-273.

Penrose, E. T. 1959. *The Theory of the Growth of the Firm*. New York: John Wiley.

Pergelova, A. & Angulo-Ruiz, F. 2014. The impact of government financial support on the performance of new firms: the role of competitive advantage as an intermediate outcome, Entrepreneurship and Regional Development: *An International Journal,* 26(10): 663-667.

Perks, S. & Austin, G. 2013. Exploring Business Growth Aspirations and Strategic Planning of Hair Dressing Salons in South Africa. *Review of Integrative Business and Economics Research,* 2(1): 319-332.

Phillips, P.A. & Wade, M.A. 2008. Performance Implications of Capital Structure; Evidence From Quoted. *Journal of U.K Organisations with Hotel Interests Service Industries.* 24(5): 31-51.

Pinho, J.C.M. 2011. Social Capital and dynamic capabilities in International performance of SMEs. *Journal of Strategy and Management,* 4(4): 404-421.

Quartey, P. 2003. Financing small and medium enterprises (SMEs) in Ghana. *Journal of African Business*, 4(1): 38-48.

Quaye, D.N.O. 2011. The Effect of Micro Finance Institutions on the growth of Small and Medium Scale Enterprises (SMEs): A Case Study of selected SMEs in the Kumasi Metropolis. Unpublished Master's thesis. Ghana: Kwame Nkrumah University of Science and Technology

Quaye, I. & Sarbah, A. 2014. Assessing Alternative Sources of Financing for Small & Medium Scale Enterprises in Ghana Case Study of Savings and Loans Companies (S&Ls) In the Greater Accra Region Of Ghana. *International Journal of Advancements in Research & Technology,* 3(7): 123-136.

Ranjit, K. 2005. *Research Methodology-A Step-by-Step Guide for Beginners*. 2nd Edition. Singapore: Pearson Education.

Reserve Bank of Australia. 2013. *Financing Infrastructure: A Spectrum of Country Approaches* [Online]. Available: www.rba.gov.au/publications/bulletin/2013/sep/pdf/bu-0913-8.pdf [2015, June 29].

Rose, R.C. & Kumar, N. 2006. The influence of Organisational and Human Resource Management Strategies on Performance. *Performance Improvement,* 45(4): 18-24.

Roxas, B. & Chadee, D. 2012. Environmental sustainability orientation and financial resources of small manufacturing firms in the Philippines. *Social Responsibility Journal*, 8(2): 208-226.

Ruzzei, R M. & Ruzzeir, M.J. 2015. On the relationship between firm size, resources, age at entry and internationalization: the case of Slovenian SMEs. *Journal of Business Economics and Management,* 16(1): 52-73.

Rwigema, H. & Venter, R. 2004. *Advanced entrepreneurship*. Southern Africa: Oxford University press.

Saji, K.B. 2013. Investigating the role of firm resources and environmental variables in new product commercialization. *Journal of Product and Brand Management*, 22(1): 18-29.

Salkind, N.J. 2009. *Exploring research*. New Jersey: Pearson Education Inc.

Schmid. F.A. 2001. *Equity Financing of the Entrepreneurial Firm* [Online]. Available: https://research.stlouisfed.org/publications/review/01/11/15-28Schmid.pdf [2016, September 28].

Sedi. 2009. *Financial Literacy: Strategies to meet the needs of low income Albertans* [Online]. Available: http://prospercanada.org/getattachment/e21978d4-3686-4fc7-a614-c3e037d17b46/Financial-Literacy-Strategies-to-Meet-the-Needs-of.aspx [2017, January, 30].

Shad S. Morris, S.S., Snell, S.A. & Wright, P.M. 2005. A Resource-Based View of International Human Resources: Toward A Framework of Integrative and Creative Capabilities. *International Human Resources:* 22-25.

Shamoo, A.E. & Resnik, B.R. 2003. *Responsible Conduct of Research*. New York: Oxford University Press.

Singh, P.J & Power, D. 2014. Innovative knowledge sharing, supply chain integration and firm performance of Australian manufacturing firms. *International Journal of Production Research,* 52(21):6416-6433.

South African Local Government Association (SALGA). 2010. *South African LED Network. Networking Practitioners developing local economies* [Online]. Available: http://led.co.za/documents/nsbac-strategic-business-plan-2010-2013 [2016 October 04].

Skinwell Holdings Limited Annual Report. 2011. Annual Financial Statements, Skinwell Holdings Limited, Centurion, Gauteng, 1-69.

Slavova, M. Heuër, A. & Rainer Agster, R. 2015. *Growing Green and Inclusive Entrepreneurship for Sustainable Development in South Africa* [Online]. Available: https://www.seed.uno/images/documents/1907/a4seedpolicyreportsouthafricaweb.pdf [2016, September 29].

UK's Companies Act. 2006. Companies Act [Online]. Available: www.legislation.gov.uk/ukpga/2006/46/pdfs/ukpga_20060046_en.pdf [2016, October 04].

Smit, P.J., Cronje, G.J., Brevis, T. & Vrba, M.J. 2007. *Management Principle: A Contemporary Edition for Africa*. Cape Town: Juta and Co Ltd.

Smit, Y. & Watkins, J. 2012. A literature review of small and medium enterprises (SME) risk management practices in South Africa. *African Journal of Business Management,* 6(21): 6324-6330.

Solomon, G. 2004. Entrepreneurship and the impact of entrepreneurial orientation training on SMMEs in the South African context: A longitudinal approach, Unpublished Mass Comm. Thesis. Cape Town: University of Western Cape.

Stats SA Library Cataloguing-in-Publication (CIP) Data. Census 2011 Census in brief / Statistics South Africa. Pretoria: Statistics South Africa, 2012. Report no. 03-01-41.

Stephanie, M. 2002. From Hobby to Professionalism. Salon Business Solutions. *The Professional Salon Business Management Journal,* 2:6.

Storey, D. 2003. *Entrepreneurship, small and medium sized enterprises and public policies* in Z.J. Acs and D.B. Audretsch (eds), Handbook of Entrepreneurship Research: An Interdisplicinary Survey and Introduction, Boston, MA: Kluwer, 473-511.

Stulz, R.M. 2000. Does financial structure matter for economic growth? *A corporate finance perspective* [Online]. Available: http://siteresources.worldbank.org/DEC/Resources/16165_Does_Financial_Structure_matter.pdf [2015, October 25].

Swanepoel, E., Strydom, J., & Nieuwenhuizen, C. 2010. An empirical analysis of a private company's corporate social investment in SMME development in South Africa. *Southern African Business Review,* 14(1).

Tewksbury, R., 2009. Qualitative versus Quantitative Methods: Understanding Why Qualitative Methods are Superior for Criminology and Criminal Justice. *Journal of Theoretical and Philosophical Criminology,* 1(1): 38-58.

The Task Group of the Policy Board for Financial Services and Regulation. 2016. *SMEs' Access to Finance in South Africa – A Supply-Side Regulatory Review* [Online]. Available: http://docplayer.net/3084313-Smes-access-to-finance-in-south-africa.html [2016, May 19].

Thompson, A. 2006. Entrepreneurship and business innovation. Unpublished Doctoral dissertation. Perth Australia: Murdoch University.

Thorne, D., Ferrell, O.C. & Ferrell, L. 2008. *Business and society: A strategic approach to social responsibility.* 3rd Edition. Boston: Houghton Mifflin Company.

Thusong Service Centre. 2016. The Government Development Communication Initiative: *A Response to Democratic Communication and Citizen Participation in South Africa* [Online]. Available: http://www.thusong.gov.za/documents/policy_legal/gdc.htm [2016, May 12].

Tight, M. 2013. Discipline and methodology in higher education research.

Timms, S. 2011. *How South Africa can Boost Support to Small Businesses*: Lessons from Brazil and India. Trade and Industrial Policy Strategies (TIPS).

Tsai, K-H. & Wang, J-C. 2008. External technology acquisition and firm performance: A longitudinal study. *Journal of Business Venturing*, 23: 91–112.

UK's Companies Act. 2006. *Companies Act* [Online]. Available: www.legislation.gov.uk/ukpga/2006/46/pdfs/ukpga_20060046_en.pdf [2016, October 04].

US Small Business Administration. 2016. *Am I A Small Business?* [Online]. Available: https://www.sba.gov/contracting/getting-started-contractor/qualifying-small-business [2016, October 04].

Van Aardt, I., Van Aardt, C., Bezeuidenhout, S. & Mumba, M. 2008. *Entrepreneurship and new venture management.* 3rd Edition. Southern Africa: Oxford University press.

Van der Merwe, M. & Nieman, G.H. 2003. *Women Entrepreneurs and their needs in Terms of Financial Assistance and Products and Services Offered By commercial Banks in South Africa*: Pretoria, University of Pretoria: South Africa.

Van Scheers, L. 2011. SMEs' marketing skills challenges in South Africa. *African Journal of Business Management,* 5(13): 5048-5056.

Vaughan, P.J. nd. *System Implementation Success Factors; It's not just the Technology* [Online]. Available: https://net.educause.edu/ir/library/pdf/cmr0122.pdf [2017, January 30].

Wahab, S.A., Rose, R.C. & Osman, S.I. W. 2012. Defining the Concepts of Technology and Technology Transfer: A Literature Analysis. *Journal of International Business Research,* 5(1):61-71.

Wantao, Y.U., Ramakrishman, R. & Prithwiraj, N. 2014. The impacts of marketing and operations capabilities on financial performance in the UK retail sector: A resource-based perspective. *Industrial Marketing Management Journal,* 4: 25-31.

Weiss, N.A. 1996. *Elementary Statistics*. 3rd Edition. California New York: Addison-Wesley Publishing Company.

Wernerfelt, B. 1984. A Resource-Based View of the Firm. *Strategic Management Journal,* 5(2): 171-180.

William R. & Ramana, K.N. 2009. Financing Constraints and Entrepreneurship [Online]. Available: http://www.hbs.edu/faculty/Publication%20Files/10-013.pdf [2015, September 20].

Winborg, J. 2008. Use of financial bootstrapping in new businesses: A question of last resort? *Venture Capital,* 11(1): 71-83.

Winnie, W. 2005. Employment and Law. Salon Business Solutions. *The Professional Salon Business Management Journal,* 17: 47-48.

Woldie, A., Leighton, P. & Adesua, A. 2008. Factors influencing small and medium enterprises (SMEs): an exploratory study of owner/manager and firm characteristics. *Banks and Bank Systems Journal,* 3(3): 5-13.

Wright, P., Gardner, T., Moynihan, L., & Allen, M. 2005. The Relationship between HR Practices and Firm Performance. Examining Causal Order. *Personnel Psychology Journal*, 58(2): 409-446.

Xiang, D. & Worthington, A.C. 2013. The impact of government financial assistance on SMEs in Australia during the GFC. *Journal of Griffith Business Schools*, 7: 2-5.

Zhenxing, M. & Zheng, G. 2008. The relationship between financial factors and firm performance: Emperical evidence from U.S. restaurant firm. *Journal of Foodservice Business Research*, 11(2): 139-142.

Zikmund, W., Babin, B.J., Carr, J.C. & Griffin, M. 2013. Business research methods. 9th Edition. Australia: South Western.

ANNEXURE A

Miss Nosiphiwe Mpiti is a Master of Business Administration candidate at the Central University of Technology, Free State. She completed her first National diploma in Office Management and Technology with Cum-Laude at the Central University of Technology, Free State in 2013. She continued with her studies at the same University where she studied and completed her BTech in Office Management and Technology with Cum-Laude in 2014 and Post Graduate Certificate in Education in 2015. She went on to pursue her MTech: Business Administration in 2015. Miss Mpiti is currently employed as a part-time lecturer in the Department of Business Support Studies at the Central University of Technology, Free State.

Her research interests lay in Finance especially its application in small businesses, as well as educational technology. Her recent research publications include:

1. Rambe, P. & Mpiti, N. In press. The Influence of Private and Public Finance, Organisational and Environmental Variables on the Performance of Beauty Salons in the Free State, South Africa: A Theoretical Perspective. *International Business & Economics Research Journals*.

2. Mpiti, N. & Rambe P. 2016. The influence of public finance on the performance of SMMEs in the Free State: A case of Afro hair salons in Mangaung Metropolitan Municipality. *Proceedings of the 28th Annual Conference of the Southern African Institute of Management Scientists*. Pretoria: University of Pretoria: 436-449.

3. Rambe, P. & Mpiti, N. 2016. Mobile Social Networking for Critical Citizenship: Using Facebook Mobile to teach Community Engagement at a South African University. *Proceedings of South African International Conference on Educational Technologies*. Pretoria: Manhattan Hotel: 54-70.

ANNEXURE B

17 September 2015

Dear Sir/Madam

RE: LETTER REQUESTING PERMISSION FOR A MASTERS RESEARCH STUDY TO BE CONDUCTED AT AFRO HAIR SALONS SMMEs.

My name is Dr Patient Rambe and I am the main supervisor for Miss Nosiphiwe Mpiti's (Student number 210010916) Masters in Business Administration study. Miss Mpiti is currently enrolled as a Masters of Technology (MTech) student on the Business Administration Programme in the Department of Business Support Studies at our main university campus, the Central University of Technology, Free State.

I am kindly seeking your permission for Miss Mpiti to conduct her study in your esteemed organisation. She is currently exploring the influence of both the combined private and public finance on the performance of SMMEs in Free State as your organisation, Afro hair salons in Free State. As such, she will need permission to conduct a survey with the owner/manager of the salon.

Her envisaged contribution is that the Government of South Africa will find this research as critical in helping the SMMEs (Afro hair salons). It will allow them to make informed policy decisions on micro/lending to help finance these businesses. SMMEs will benefit from this research through the use of new financial strategies in their businesses recommended in this research. The SMMEs (Afro hair salons) will benefit from this study, by getting further financial support to turn their business propositions into attractive investible opportunities. The adoption of financial strategies will close the financial gaps among SMMEs (Afro hair salons). Findings on the role of financial resources on performance of SMMEs (Afro hair salons) will provide insights into the contribution of finance to SMMEs (Afro hair salons). In addition, the research report will also contribute significantly to her the development of her final thesis document for her graduation in her studies.

Miss Mpiti's research has already been approved by our scientific research bodies, namely the Business Research Committee (BRC) and Faculty Research and Innovation Committee (FRIC), suggesting the scientific merit and possible social impact of her research for SMMEs (Afro hair salons), the surrounding community and our university. The main focus of her research is exploring the influence of both the combined private and public finance on the performance of SMMEs in Free State, hence her main research question of this survey is: What is the nature of public and private funding of Afro hair salons and their impact on performance of these firms?

We guarantee you that the information gathered from this survey will be used solely for the development of a detailed report which will be availed to Afro hair salons owners/managers (if required) and for the production of Miss Mpiti's Masters thesis. Under no circumstances will Afro hair salons owners/managers be personally identified, and their data will be reported in aggregate form to protect their personal identities. In view of this, owners/managers' responses will be treated with strictest confidence and they will remain anonymous. This is consistent with our Research Ethics Committee's principles to promote ethics informed research. I sincerely hope that you will do everything in your capacity to assist Miss Mpiti to gain access to potential participants (i.e. Owners/managers) in Afro hair salons to accomplish her study successfully.

For any further inquiries, please feel free to conduct me on:
Telephone: +27 51 507 4064
Email: prambe@cut.ac.za

Yours faithfully

Patient Rambe, PhD.
Senior Researcher: Faculty of Management Sciences, Central University of Technology
Convenor of Masters and Doctoral Programme in Business Administration

ANNEXURE C

QUESTIONNAIRE: THE INFLUENCE OF PRIVATE AND PUBLIC FINANCE OF SMMEs IN FREE STATE: A CASE OF AFRO HAIR SALONS IN MANGUANG METROPOLITAN MUNICIPALITY

My name is Nosiphiwe Mpiti. I am a Master of Technology student in Business Administration at the Central University of Technology (CUT) in Bloemfontein. I am conducting a survey on the influence of private and public financing of owner/managers of Afro hair salons on their performance of their enterprise. At this stage, I am currently collecting data on the owner/managers of Afro hair salons perception on how private and public financing influences their performance as well as the success of their enterprise. This study is supervised by Dr Patient Rambe and can be contacted on the following contact details:

Dr Patient Rambe (Main Supervisor): 051 504 4064 / 073 380 1687 or prambe@cut.ac.za

At this stage, I am currently conducting my field work on the topic above and I would be very pleased if you take time to complete this questionnaire. Your participation in this survey is voluntary and your responses will be kept confidential. The results of this survey will be reported in aggregate form to guarantee your anonymity. The survey will help to establish the influence of both the combined private and public funding given to the Afro hair salons that will positively help their firm performance and the support that these enterprises need for their growth and success. The questionnaire will take approximately 30-40 minutes to complete. There will be space provided at the end of the questionnaire for you to add any additional comments you may have regarding the study. I greatly appreciate your assistance in this regard.

It will be an honor if you would answer all sections of this questionnaire as honestly as possible.

Yours faithfully,

Nosiphiwe Mpiti

SECTION A: DEMOGRAPHIC DATA (Business and owner/manager information)

1. Gender

1 Female	2 Male

2. Age group

2 < 25 years	2 25-34 years	3 35-44 years	4 45-54 years	5 55 and above

3. Home language

1 English	2 Afrikaans	3 Setswana	4 Sesotho	5 Xhosa	6 Zulu	Other language (specify)…………

4. Nationality

1 SA citizen	2 SA perm res	3 Non-SA

5. Your role in the business

1 Owner	2 Manager	3 Owner/Manager	4 Employee	Other (specify)…………

6. Form of business

1 Sole proprietor	2 Partnership	3 Other (specify)……………..

7. Nature of your job

1 Stylists and Technicians	2 Receptionist	3 Salon Assistant	Other (specify)………..

8. Your highest academic qualification?

1 None	2 Primary schooling	3 Matric and below	4 Tertiary certificate	5 Diploma/Degree	6 Postgraduate

9. Years of experience in management

1 Below 1 year	2 2-5 years	3 6-10 years	4 11-15 years	5 16-20 years	6 Over 20 years

10. Years of experience on this job

1 Below 1 year	2 2-5 years	3 6-10 years	4 11-15 years	5 16-20 years	6 Over 20 years

11. The number of employees in this business

1 None	2 one	3 2-5 employees	4 6-10 employees	5 11-15 employees	6 16-20 employees	Above 20 please (specify)………..

12. Gross turnover per annum

1 Below R 100 000	2 Between R100 000 - R499 999	3 From R500 000 - R999 999	4 From R1 000 000- R4 999 999	5 From R5 000 000 - R9 999 999	6 Above R10 million

13. Return on investment for previous year

1 Loss making	2 Break even	3 Up to 2%	4 3-5%	5 More than 5%

14. Age of business

1 1-3 years	2 4-6 years	3 8-10 years	4 11-15 years	5 More than 15 years

SECTION B: PRIVATE AND PUBLIC FINANCING

PRIVATE FINANCE

15. Where did you get the funding for the start-up or working capital for your business?

Debt financing ☐
Equity financing ☐
Both ☐
Other (specify)………………………………………………

Have you ever borrowed finance (e.g. for your startup, working capital) from any of these private lending institutions?

Debt financing:

19.1 Bootstrapping 1. Yes☐ 2. No☐
19.2 Trade credit (e.g. borrowing or buying equipment from suppliers on credit) 1. Yes☐ 2. No☐
19.3 *Matshonisas* 1. Yes☐ 2. No☐
19.4 Community or group savings (e.g. Stockvels) 1. Yes☐ 2. No☐
19.5 Micro credit firms 1. Yes☐ 2. No☐
19.6 Leasing companies 1. Yes☐ 2. No☐
19.7 Non-government organisations (NGO) 1. Yes☐ 2. No☐
19.8 Banks 1. Yes☐ 2. No☐
19.9 Other (specify) …………………………………………

Have you ever borrowed finance (e.g. for your startup, working capital) from any of these private lending institutions?

Equity financing:

20.1 Entrepreneur and team members 1. Yes☐ 2. No☐
20.2 Friends and family 1. Yes☐ 2. No☐
20.3 Business angels 1. Yes☐ 2. No☐
20.4 Venture capitalist 1. Yes☐ 2. No☐

20.5 Other (specify) ……………………………………….

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	**1**	**2**	**3**	**4**	**5**	**6**
		NONE BORROWED	**LEAST LENDER**	**MODERATE LENDER**	**THIRD BIGGEST LENDER**	**SECOND BIGGEST LENDER**	**BIGGEST LENDER**
	In terms of amount extended to you, please mark those private institutions you have received money before for **Debt financing**						
21.1	Bootstrapping	**1**	**2**	**3**	**4**	**5**	**6**
21.2	Trade credit	**1**	**2**	**3**	**4**	**5**	**6**
21.3	*Matshonisa*'s	**1**	**2**	**3**	**4**	**5**	**6**
21.4	Community or group savings (e.g. Stockvels)	**1**	**2**	**3**	**4**	**5**	**6**
21.5	Micro credit firms	**1**	**2**	**3**	**4**	**5**	**6**
21.6	Leasing companies	**1**	**2**	**3**	**4**	**5**	**6**
21.7	Non-government organisations (NGOs)	**1**	**2**	**3**	**4**	**5**	**6**
21.8	Banks	**1**	**2**	**3**	**4**	**5**	**6**
21.9	Other specify ………………………………………..						
	In terms of amount extended to you, please mark those private institutions you have received money before for **Equity financing**						
22.1	Entrepreneur and team members	**1**	**2**	**3**	**4**	**5**	**6**
22.2	Friends and family	**1**	**2**	**3**	**4**	**5**	**6**
22.3	Business angels	**1**	**2**	**3**	**4**	**5**	**6**
22.4	Venture capitalist	**1**	**2**	**3**	**4**	**5**	**6**
22.5	Other specify ………………………………………………..						

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	**1**	**2**	**3**	**4**	**5**
		LEAST ATTRACTIVE LENDER	**MODERATELY ATTRACTIVE LENDER**	**ATTRACTIVE LENDER**	**SECOND BEST ATTRACTIVE LENDER**	**MOST ATTRACTIVE LENDER**

	In terms of the attractiveness of the interest rates charged on the principal amount lent to you (i.e. loan amount) please mark these private funding institutions: **Debt financing**					
23.1	Bootstrapping	**1**	**2**	**3**	**4**	**5**
23.2	Trade credit	**1**	**2**	**3**	**4**	**5**
23.3	*Matshonisa*'s	**1**	**2**	**3**	**4**	**5**
23.4	Community or group savings (e.g. Stockvels)	**1**	**2**	**3**	**4**	**5**
23.5	Micro credit firms	**1**	**2**	**3**	**4**	**5**
23.6	Leasing companies	**1**	**2**	**3**	**4**	**5**
23.7	Non-governmental organisations (NGOs)	**1**	**2**	**3**	**4**	**5**
23.8	Banks	**1**	**2**	**3**	**4**	**5**
23.9	Other specify …………………………………………					
	In terms of the attractiveness of the interest rates charged on the principal amount lent to you (i.e. loan amount) please mark your these private funding institutions: **Equity financing**					
24.1	Entrepreneur and team members	**1**	**2**	**3**	**4**	**5**
24.2	Friends and family	**1**	**2**	**3**	**4**	**5**
24.3	Business angels	**1**	**2**	**3**	**4**	**5**
24.4	Venture capitalist	**1**	**2**	**3**	**4**	**5**

24.5	Other specify ……………………………………………..

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	1	2	3	4	5	6
		NOT ACCESSIBLE	**LESS ACCESSIBLE**	**SOMETIMES ACCESSIBLE**	**MODERATELY ACCESSIBLE**	**FAIRLY ACCESSIBLE**	**MOST ACCESSIBLE**

	From your experience of private funding, please choose the combinations of funding options most accessible to you						
	Debt financing						
25.1	Bootstrapping	**1**	**2**	**3**	**4**	**5**	**6**
25.2	Trade credit	**1**	**2**	**3**	**4**	**5**	**6**
25.3	*Matshonisa*'s	**1**	**2**	**3**	**4**	**5**	**6**
25.4	Community or groups savings (e.g. Stockvels)	**1**	**2**	**3**	**4**	**5**	**6**
25.5	Micro credit firms	**1**	**2**	**3**	**4**	**5**	**6**
25.6	Leasing companies	**1**	**2**	**3**	**4**	**5**	**6**
25.7	Non-governmental organisations (NGOs)	**1**	**2**	**3**	**4**	**5**	**6**
25.8	Banks	**1**	**2**	**3**	**4**	**5**	**6**
	Equity financing						
26.1	Entrepreneur and team members	**1**	**2**	**3**	**4**	**5**	**6**
26.2	Friends and family	**1**	**2**	**3**	**4**	**5**	**6**
26.3	Business angels	**1**	**2**	**3**	**4**	**5**	**6**
26.4	Venture capitalists	**1**	**2**	**3**	**4**	**5**	**6**

Which bank service options have you used to cover your financing?

- 27.1 Overdraft facilities ☐
- 27.2 Term loans ☐
- 27.3 Trade bill financing ☐
- 27.4 Leasing companies' ☐
- 27.5 Export and import finance ☐
- 27.6 Government loan guarantees schemes ☐

Please rank the following capital obtained for your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	1	2	3	4	5
		Below R9 000	**R10 000 – R19 999**	**R20 000 – R49 999**	**R50 000 – R99 999**	**Above R100 000**

	Financial value of private funding obtained from these institutions:					
28.1	Bootstrapping	**1**	**2**	**3**	**4**	**5**
28.2	Trade credit	**1**	**2**	**3**	**4**	**5**
28.3	*Matshonisa*'s	**1**	**2**	**3**	**4**	**5**
28.4	Community or groups savings (e.g. Stockvels)	**1**	**2**	**3**	**4**	**5**
28.5	Micro credit firms	**1**	**2**	**3**	**4**	**5**
28.6	Leasing companies	**1**	**2**	**3**	**4**	**5**
28.7	Non-governmental organisations (NGOs)	**1**	**2**	**3**	**4**	**5**
28.8	Banks	**1**	**2**	**3**	**4**	**5**

PUBLIC FINANCE

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	1	2	3	4	5	6
		NOT ACCESSIBLE	LESS ACCESSIBLE	SOMETIMES ACCESSIBLE	MODERATELY ACCESSIBLE	FAIRLY ACCESSIBLE	MOST ACCESSIBLE

	Please choose the public institutions you have accessed most of your seed funding (i.e. start-up capital) or working capital						
29.1	Khula enterprise finance	1	2	3	4	5	6
29.2	National youth development agency (NYDA)	1	2	3	4	5	6
29.3	Small development agency (SEDA)	1	2	3	4	5	6
29.4	Tsumisano Trust	1	2	3	4	5	6
29.5	Public credit schemes	1	2	3	4	5	6
29.6	Government agencies e.g. FDC	1	2	3	4	5	6
29.7	Provincial government	1	2	3	4	5	6
29.8	Other specify						

Please rank the following capital obtained for your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	1	2	3	4	5
		Below R9 000	R10 000 – R19 000	R20 000 – R49 000	R50 000 – R99 999	Above R100 000

	Financial value of public funding obtained from these institutions:					
30.1	Khula enterprise finance	1	2	3	4	5
30.2	National youth development agency (NYDA)	1	2	3	4	5
30.3	Small development agency (SEDA)	1	2	3	4	5
30.4	Tsumisano Trust	1	2	3	4	5
30.5	Public credit schemes	1	2	3	4	5
30.6	Government agencies (e.g. FDC)	1	2	3	4	5

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	1	2	3	4	5
		LEAST LENDER	MODERATE LENDER	THIRD BIGGEST LENDER	SECOND BIGGEST LENDER	BIGGEST LENDER
	In terms of amounts extended to you by public institutions, please choose the preferred lender these					
31.1	Khula enterprise finance	1	2	3	4	5
31.2	National youth development agency (NYDA)	1	2	3	4	5
31.3	Small development agency (SEDA)	1	2	3	4	5
31.4	Tsumisano Trust	1	2	3	4	5
31.5	Public credit schemes	1	2	3	4	5

31.6	Government agencies e.g. FDC	**1**	**2**	**3**	**4**	**5**
31.7	Provincial government	**1**	**2**	**3**	**4**	**5**

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	**1**	**2**	**3**	**4**	**5**
		LEAST IMPORTANT	**LESS IMPORTANT**	**IMPORTANT**	**MODERATE IMPORTANT**	**MOST IMPORTANT**
	In terms of the attractiveness of the interest rates charged on the principal amount lent (i.e. loan amount), which public funding institutions has an attractive interest rate?					
32.1	Khula enterprise finance	**1**	**2**	**3**	**4**	**5**
32.2	National youth development agency (NYDA)	**1**	**2**	**3**	**4**	**5**
32.3	Small development agency (SEDA)	**1**	**2**	**3**	**4**	**5**
32.4	Tsumisano Trust	**1**	**2**	**3**	**4**	**5**
32.5	Public credit schemes	**1**	**2**	**3**	**4**	**5**
32.6	Government agencies e.g. FDC	**1**	**2**	**3**	**4**	**5**
32.7	Provincial government	**1**	**2**	**3**	**4**	**5**

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	**1**	**2**	**3**	**4**	**5**
		LESS ACCESSIBLE	**SOMETIMES ACCESSIBLE**	**MODERATELY ACCESSIBLE**	**SECOND ACCESSIBLE**	**MOST ACCESSIBLE**
	Drawing on your experiences of the most accessible public funding options availed to you, please choose the following public financing strategies					
	Debt financing					
33.1	Khula enterprise finance	**1**	**2**	**3**	**4**	**5**
33.2	National youth development agency (NYDA)	**1**	**2**	**3**	**4**	**5**
33.3	Small development agency (SEDA)	**1**	**2**	**3**	**4**	**5**
33.4	Tsumisano Trust	**1**	**2**	**3**	**4**	**5**
33.5	Public credit schemes	**1**	**2**	**3**	**4**	**5**
33.6	Government agencies e.g. FDC	**1**	**2**	**3**	**4**	**5**
33.7	Provincial government	**1**	**2**	**3**	**4**	**5**
	Equity financing:					
34.8	Entrepreneur and team members	**1**	**2**	**3**	**4**	**5**
34.9	Other companies/ strategic investors	**1**	**2**	**3**	**4**	**5**
34.10	Stock markets	**1**	**2**	**3**	**4**	**5**

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	1	2	3	4	5
		LEAST LENDER	**MODERATE LENDER**	**THIRD BIGGEST LENDER**	**SECOND BIGGEST LENDER**	**BIGGEST LENDER**
	From your experiences of receiving the largest public funding, please choose the public institutions according to the size of capital they extended to you					
	Debt Financing					
35.1	Khula enterprise finance	**1**	**2**	**3**	**4**	**5**
35.2	National youth development agency (NYDA)	**1**	**2**	**3**	**4**	**5**
35.3	Small development agency (SEDA)	**1**	**2**	**3**	**4**	**5**
35.4	Tsumisano Trust	**1**	**2**	**3**	**4**	**5**
35.5	Public credit schemes	**1**	**2**	**3**	**4**	**5**
35.6	Government agencies e.g. FDC	**1**	**2**	**3**	**4**	**5**
35.7	Provincial government	**1**	**2**	**3**	**4**	**5**
	Equity financing:					
35.8	Entrepreneur and team members	**1**	**2**	**3**	**4**	**5**
35.9	Other companies/ strategic investors	**1**	**2**	**3**	**4**	**5**
35.10	Stock markets	**1**	**2**	**3**	**4**	**5**

Please rank the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

	SCALES	1	2	3	4	5
		LEAST ATTRACTIVE LENDER	**MODERATELY ATTRACTIVE LENDER**	**ATTRACTIVE LENDER**	**SECOND BEST ATTRACTIVE LENDER**	**MOST ATTRACTIVE LENDER**
	Based on the attractiveness of funding you received so far please choose these combinations of funding opportunities					
	Debt financing					
36.1	Khula enterprise finance	**1**	**2**	**3**	**4**	**5**
36.2	National youth development agency (NYDA)	**1**	**2**	**3**	**4**	**5**
36.3	Small development agency (SEDA)	**1**	**2**	**3**	**4**	**5**
36.4	Tsumisano Trust	**1**	**2**	**3**	**4**	**5**
36.5	Public credit schemes	**1**	**2**	**3**	**4**	**5**
36.6	Government agencies e.g. FDC	**1**	**2**	**3**	**4**	**5**
36.7	Provincial government	**1**	**2**	**3**	**4**	**5**
	Based on the attractiveness of funding you received so far please choose these combinations of funding opportunities					
	Equity financing:					

36.8	Entrepreneur and team members	**1**	**2**	**3**	**4**	**5**
36.9	Other companies/ strategic investors	**1**	**2**	**3**	**4**	**5**
36.10	Stock markets	**1**	**2**	**3**	**4**	**5**

SECTION C: HUMAN RESOURCES

Please indicate the extent to which you agree or disagree with the following statements regarding your business. **PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.**

SCALES	**1**	**2**	**3**	**4**	**5**
	STRONGLY DISAGREE	**DISAGREE**	**Neutral**	**AGREE**	**STRONGLY AGREE**

	HUMAN RESOURCES	**1**	**2**	**3**	**4**	**5**
	RECRUITMENT AND SELECTION	**STRONGLY DISAGREE**	**DISAGREE**	**Neutral**	**AGREE**	**STRONGLY AGREE**

37	I have someone who is responsible for human resources in the business	**1**	**2**	**3**	**4**	**5**
38	We recruit, select, appoint, train and develop for our human resources in our business	**1**	**2**	**3**	**4**	**5**
39	My business emphasizes qualifications on its recruitment and selection policy	**1**	**2**	**3**	**4**	**5**
40	My business emphasizes the possession of relevant experience when recruiting and appointing staff	**1**	**2**	**3**	**4**	**5**
41	My business emphasises prospective candidates knowledge of the hair salon business when recruiting and selecting	**1**	**2**	**3**	**4**	**5**
42	We employ the following under recruitment: friends, family members, relatives, acquaintances etc	**1**	**2**	**3**	**4**	**5**
43	My business provides a clear and comprehensive job description for existing and new employees	**1**	**2**	**3**	**4**	**5**
44	My business provides a clear job specification for existing and new employees	**1**	**2**	**3**	**4**	**5**
45	We appoint the best candidate in terms of their relevant experiences, skills and qualifications in our hiring (i.e. recruitments and selection) process	**1**	**2**	**3**	**4**	**5**
46	I consider reference checks as an integral part of recruitment process	**1**	**2**	**3**	**4**	**5**
47	I possess a good overall knowledge of HR recruitment process and policies	**1**	**2**	**3**	**4**	**5**
	COMPENSATION					
48	I ensure that my employee salaries are set are according to labour market standards	**1**	**2**	**3**	**4**	**5**
49	All my employees are registered for tax based on the salaries	**1**	**2**	**3**	**4**	**5**
50	All my employees are compensated according to the number of hours they work	**1**	**2**	**3**	**4**	**5**
51	I believe that access to private funding positively influences the training of my employees	**1**	**2**	**3**	**4**	**5**

52	I believe that access to private funding positevely impacts retention of employees	**1**	**2**	**3**	**4**	**5**
53	Amounts of private funding accessed have a positive bearing on the compensation my employees receive	**1**	**2**	**3**	**4**	**5**
54	My employees pay rates are kept confidential	**1**	**2**	**3**	**4**	**5**
55	In determining salary scale of my employees, I do comparative studies of my rivals/competitors	**1**	**2**	**3**	**4**	**5**
56	I identify salary ranges to determine salary rates	**1**	**2**	**3**	**4**	**5**

SECTION D: TECHNOLOGY ACQUISITION

	TECHNOLOGY ACQUISITION	**1**	**2**	**3**	**4**	**5**
		STRONGLY DISAGREE	**DISAGREE**	**Neutral**	**AGREE**	**STRONGLY AGREE**
57	Having technology helps me to do daily activities in my company	**1**	**2**	**3**	**4**	**5**
58	I always acquire the latest technology to keep/stay up-to-date	**1**	**2**	**3**	**4**	**5**
59	I use new technology to adapt my daily routines	**1**	**2**	**3**	**4**	**5**
60	Having technology makes one's job easier	**1**	**2**	**3**	**4**	**5**
61	Having access to public funding helps me to acquire the latest technology (e.g. computers) in my business	**1**	**2**	**3**	**4**	**5**
62	Access to public financing enables us to buy the equipment we use in our hair salon	**1**	**2**	**3**	**4**	**5**
63	Access to public funding helps us to keep up to date with the latest technology	**1**	**2**	**3**	**4**	**5**

SECTION E: TRAINING

	TRAINING	**1**	**2**	**3**	**4**	**5**
	BUSINESS SKILLS	**STRONGLY DISAGREE**	**DISAGREE**	**Neutral**	**AGREE**	**STRONGLY AGREE**
64	My business gives training on communication skills	**1**	**2**	**3**	**4**	**5**
65	My business gives training on leadership skills	**1**	**2**	**3**	**4**	**5**
66	My business gives training on management skills	**1**	**2**	**3**	**4**	**5**
67	My business gives training on organisation skills	**1**	**2**	**3**	**4**	**5**
68	My business gives training on interpersonal skills	**1**	**2**	**3**	**4**	**5**
69	My employees have good listening and speaking skills	**1**	**2**	**3**	**4**	**5**
70	My employees are able to make good business decisions	**1**	**2**	**3**	**4**	**5**
71	My employees are able to adapt to change	**1**	**2**	**3**	**4**	**5**
72	My employees are able to plan their goals and how they will reach them	**1**	**2**	**3**	**4**	**5**
73	My employees are able to interact with other people	**1**	**2**	**3**	**4**	**5**
	ENTREPRENEURIAL SKILLS					
74	My employees undergo training on business skills	**1**	**2**	**3**	**4**	**5**
75	My employees undergo training on business planning skills	**1**	**2**	**3**	**4**	**5**
76	My employees undergo training on business communication skills	**1**	**2**	**3**	**4**	**5**
77	My employees undergo training on customer service	**1**	**2**	**3**	**4**	**5**
78	My employees are able to use effective cross-cultural communication skills	**1**	**2**	**3**	**4**	**5**
79	My employees have problem solving skills	**1**	**2**	**3**	**4**	**5**
80	My employees ensures the effective delivery of the products or services to the customer	**1**	**2**	**3**	**4**	**5**
	TECHNICAL SKILLS					

81	My business gives training on computer as well as computer language	**1**	**2**	**3**	**4**	**5**
82	My business gives training on data analysis (e.g. to store, code and retrieve information)	**1**	**2**	**3**	**4**	**5**
83	My employees have technical knowledge	**1**	**2**	**3**	**4**	**5**
84	My employees are able to keep-to-date with what is happening in their work field	**1**	**2**	**3**	**4**	**5**

SECTION F: PERFORMANCE

PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.

	GROWTH	**1**	**2**	**3**	**4**	**5**
		STRONGLY DISAGREE	**DISAGREE**	**Neutral**	**AGREE**	**STRONGLY AGREE**
85	Having accessed public funding has helped my business to grow	**1**	**2**	**3**	**4**	**5**
86	The number of my employees has increased in the past five years because of the access of public funding	**1**	**2**	**3**	**4**	**5**
87	My return on investments has increased in the past five years because of the access of public funding	**1**	**2**	**3**	**4**	**5**
88	My business profits have increased in the past five years cause of the viability of public funding	**1**	**2**	**3**	**4**	**5**
89	Having accessed private funding has helped my business to grow	**1**	**2**	**3**	**4**	**5**
90	The number of my employees has increased in the past five years because of the access of private funding	**1**	**2**	**3**	**4**	**5**
91	My return on investments has increased in the past five years because of the access of private funding	**1**	**2**	**3**	**4**	**5**
92	My business profits have increased in the past five years cause of the viability of private funding	**1**	**2**	**3**	**4**	**5**

PLEASE MARK THE APPROPRIATE ANSWER WITH "X". Please do not leave any item unanswered.

	PROFITABILITY	**1**	**2**	**3**	**4**	**5**
		STRONGLY DISAGREE	**DISAGREE**	**Neutral**	**AGREE**	**STRONGLY AGREE**
93	Having accessed public funding has helped my business to grow	**1**	**2**	**3**	**4**	**5**
94	My annual financial targets were met because of the accessibility of public funding	**1**	**2**	**3**	**4**	**5**
95	My gross profit margin has increased in the last five years because of the accessibility of public funding	**1**	**2**	**3**	**4**	**5**
96	My business has generated profit income for the last five years because of public funding	**1**	**2**	**3**	**4**	**5**
97	Having accessed private funding has helped my business to grow	**1**	**2**	**3**	**4**	**5**
98	My annual financial targets were met because of the accessibility of private funding	**1**	**2**	**3**	**4**	**5**
99	My gross profit margin has increased in the last five years because of the accessibility of private funding	**1**	**2**	**3**	**4**	**5**
100	My business has generated profit income for the last five years because of private funding	**1**	**2**	**3**	**4**	**5**

101. ANY ADDITIONAL COMMENTS

……

……

THANK YOU FOR YOUR TIME