



The Use of Selected Sources of Non-Financial Assistance by Small Businesses: A South African Perspective

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Introduction

The Small and Medium Enterprise (SME) sector is globally regarded as the driving force in economic growth and job creation (Lunsche & Barron, 2000:1; Levin, 1998:79; Sunter, 2000: 23). The South African government acknowledges this, and is committed to this sector's growth and success (Budget speech, 2001; South African Yearbook, 1999: 292).

The provision of funding and other expertise is of particular importance if the government wishes to foster small business development and growth. To date their efforts have however not been very successful. Poor service delivery is mainly due to administrative inefficiencies, corruption, poor communication and lack of expertise (Bisseker, 1999:44; Challenges in service delivery loom large, 2000:14; Erwin admits SME sector failure, 2000:11; Haffajee, 2001).

Due to the government's failed attempts and the high failure rate reported among small businesses, the private sector and NGOs have stepped in to assist SME practitioners. They mainly focus on the provision of venture capital, entrepreneurial training and mentorship programmes (International competitiveness boosts SME growth, 2000: 11; Mthimkhulu, 2000: 46; Quza, 2000: 33; Ryan, 2000: 14; Skills training opens doors for SMMs, 2000:14; Wadula, 2000).

Despite the various mentorship programmes, training and assistance made available to small businesses by the South African government, NGOs and the private sector, the failure rate of small businesses is still unacceptably high.

The South African economic sector lost more than R68 million in the past four years as a result of the failure of 117 246 small businesses that were receiving government assistance (Streek (b) 2001). Numerous reasons for this high failure rate were cited, including, unfamiliarity with established business practices and a lack of managerial expertise in business management. Surveys on small business failure maintain that entrepreneurs often have good ideas and are competent people but "they

do not have a clue on how to run a business and have no underlying appreciation of business fundamentals” (Barron, 2000: 1). Many entrepreneurs lack business skills and knowledge about how to start and run a business (Held back by lack of finance 2000: 13; Finding capital not the only problem, 2000: 12; Johannson, 2001). Similarly Glynn (2000:12) argues that there is a shortage of people capable of managing relatively small fast-growing businesses and the lack of business skills is even more of a problem than getting funds.

In a recent interview, the Communications Manager for the Coega Development Corporation, Raymond Hartle, stated that SMEs in the Nelson Mandela Metropole lack the information which is required to run their businesses (SMEs clearly lack the information which is required to run their business, 2000:15).

When considering the lack of management and basic business skills among small business owners, one should take into account that often small businesses are established for survival reasons and once in operation, owners live day-by-day performing the tasks of providing their product or service. In essence little time is available to do much else, including obtaining the necessary skills, or even just gathering information and seeking help. Although it is reported that many small business owners have no clue on business fundamentals, and lack the necessary information to manage their businesses, various sources of non-financial assistance (henceforth referred to as sources) are available to them. These include, amongst others, obtaining advice and assistance from personal and professional acquaintances, the media, business-related service providers as well as formal business courses and seminars. To date, however, very little empirical research has been conducted in order to ascertain to what extent small businesses use the sources of non-financial assistance available to them.

Research objectives

The primary objective of this study is to establish which sources of non-financial assistance are consulted by small business owners and whether small businesses in a typical South African city are making use of the sources of assistance available to them.

Secondary objectives include developing a reliable and valid measuring instrument to identify the sources of non-financial assistance used by small businesses, and establishing whether statistically significant relationships exist between selected sources, demographic variables and business success.

What follows is a brief literature overview after which the focus is directed to the empirical findings, summary and managerial implications.

Non-financial sources of assistance

Lack of financial assistance is often cited as the major constraint facing small businesses (Longnecker, Moore & Petty, 1994: 46; Marx, Van Rooyen, Bosch & Reynders 1998: 732; Van Aardt & Van Aardt, 2000: 191). However, what is harder to come by than capital are business management skills, mentoring and assistance for small businesses (Finding capital not the only problem, 2000:12). Budding entrepreneurs lack skills and knowledge about how to start and manage a business (Johansson, 2001) and one of the greatest needs of SMMEs is after-care support. Most mentoring programmes stop at the point when finance has been obtained (Mentoring for lasting success, 2001: 13).

The founder of a business is usually struggling to build a new business, and doing it by his own wits. Future planning is not in the mind of the entrepreneur, because basically he/she is just surviving, managing the business on a day-to-day basis. However, planning and getting good advice from outside the business are, simply, critical (Johnson, 1996:40). To be successful as the owner-manager of the business, one does not necessarily have to be the brightest in all aspects of the operation, but one has to be certain that the best possible advice and information are obtained. Assistance, in the form of advice and information, is available from various sources, amongst others, from personal and professional acquaintances, the media, business service providers as well as attending business-related courses and seminars.

Personal and Professional Acquaintances

Gaining experience or advice outside the business is important and increases the business's odds of success (Dunn, 1999:53; Donckels & Lambrecht, 1999:183; Johnson, 1996:39; Lansberg, 1999:281; Morris, Williams, Allen & Avila, 1997:399; Nelton, 1986:37; Rue & Ibrahim, 1996:40; Squires, 1998:72). This not only helps the

business owner-manager to gain self-confidence, knowledge and new ideas, but it often enhances his or her credibility with employees in the business. Robinson (1982:305) highlights that a considerable body of literature has evolved in small business literature, that emphasises the role of “outsider” (consultants, lawyers, accountants, bankers, board of directors) in improving the effectiveness of planning and strategic planning in small businesses.

In a fast-growing business the founder often feels the need for people with whom he/she can discuss basic decisions and to whom he/she can listen. Such people are rarely found inside the organization or on the board of directors (Jonovic, 1989: 127-129). Donckels and Lambrecht (1999:183) argue that in many SMEs the board of directors does not function at all. The people on the board are very often the same people who run the business on a daily basis.

The task of a founder is sometimes a lonely one and it helps having someone who can assist to evaluate a new idea and who understands the organization sufficiently to give appropriate advice on what the venture may need, and what the founder’s personal strengths and weaknesses are (Zeelie, De Beer, Jacobs, Roussouw, Stapelberg & Watson, 1998:110). As an alternative to businesses either not ready for or not receptive to an outside board, a broadly constructed advisory body can be created with one specific mandate: to review business decisions and directions. Members that could be included in such a council are a business specialist, attorney or estate-planning specialist, experienced auditor or financial manager, risk-taking peers of the owner-manager or peers of otherwise disenfranchised minorities (Jonovic, 1989:136).

According to Timmons (1999: 321) when tapping into people resources it is suggested that the best advisors be sought on the one hand, but that one should also to remain sceptical of their credentials and their advice on the other hand. In addition to networking with friends, family and advisors, it is suggested that the human touch enhances the relationship between the entrepreneur and the advisor to the venture (Timmons, 1999: 323).

Entrepreneurs are often derogatory about professionals, with lawyers, accountants, tax experts and auditors the butt of many jokes. But if a business wishes to grow and succeed, these professional acquaintances are needed to perform certain tasks that require specialist expertise (Berenbeim, 1990:74). Their role, in essence,

is to assure others of the credibility, worth and integrity of the business, and to provide advice and protection from predators (Ward, 2001: 3).

A survey sponsored by the Small Business Administration, to establish where small businesses go for information, found that almost two thirds (63%) of respondents relied on accountants for business information, which they found to be “timely, accurate and relevant to their needs”. Respondents’ most valued information was provided by sources they already knew and trusted, who knew their businesses, the business conditions they are faced with and their local context. Their most frequent sources of assistance or information included informal business contact with customers, suppliers and competitors (Accountant seen as information sources by small businesses, 1995:15).

Goldberg (1991:36), however, observed that small businesses are less likely to use outside resources. Many SME managers do not want to work with consultants and cite the following reasons for not doing so: it is too costly, it is only something for large businesses, the consultant does not know the sector, the inability to trust outsiders with confidential information, and it is too time-consuming (Donckels & Lambrecht, 1999:184). As in the case of consultants many small businesses can barely afford an accountant, and in many cases do not even have one (Johnson, 1996:40).

To help in gaining some degree of objectivity, many owners have turned to fellow merchants, suppliers, and even valued long-time customers to solicit the views of those who have an interest in the long-term success of the business and who can speak from a perspective untainted by business and family relationships. In family businesses, valued non-family employees may provide an excellent source of this information if they can be made to understand that sharing their perceptions will not endanger their relationship with either the present or future owner-manager (Ayres, 1990:9).

Media

The media are a vast source of business information and include both electronic and print media. Saylor Wen (2001:51) argues that one of the most important ways to accelerate the growth of knowledge is to make use of the Internet. The Internet offers a number of opportunities for entrepreneurs to obtain advice and practical know-how about management and general business issues (Timmons, 1999:187). These include amongst others, online forums, newsgroups, mailing lists

and dedicated websites. Numerous websites exist in South Africa and worldwide, which provide information on a wide variety of business topics and issues. Many also have direct access to experts who will provide answers to business problems within 24 hours, often free of charge. The Internet offers a cost-effective and readily accessible approach to both information technology and the competitive use of information (Poon & Swatman, 1995). Unlike traditional media, such as books, magazines, journal and organisational documents, no one has to approve the content of an Internet article or website before it is made public (Harris, 1997). The Internet thus offers a limitless amount of information to the small business owner. The problem, however, is to find relevant and credible information within the time constraints often faced. In a joint partnership between a leading Sunday newspaper, an insurance company and a prominent business school, a short-course offered to the general public called “It’s my business” met with resounding success. Over 26 410 persons registered for the course, which ran over 10 weeks. The newspaper carried a weekly slot highlighting key issues, with the course material being available to registered students via the Internet and on CD-Rom. The course was offered for free and as one student remarked that “ it was a brilliant idea, exactly what South Africans need to unlock their potential and move our county forward” (Bennet, 2001: 1).

Newspapers, trade journals and magazines also provide a vast amount of information on issues ranging from specific business problems to matters relating to the economy as a whole. In a survey sponsored by the Small Business Administration it was found that apart from accountants, the most frequent sources of information, used by small businesses, included magazines, newsletters and meetings of trade or professional associations. It was also found that direct mail advertising, magazines and newspapers were more important information sources than television and radio (Accountant seen as information sources by small businesses, 15: 1995)

Business service providers and business-related courses and seminars

A large number of institutions in both the public and private sector are instrumental in assisting the small business sector. The government’s SMME support drive is underpinned by the National Small Business Act, which paved the way for the establishment of four institutions aimed at promoting and assisting small businesses. These are the Centre for Small Business Promotion to co-ordinate a small business support strategy; the Ntsika Enterprise Promotion Agency to provide non-financial

support services; Khula to provide credit guarantees and technical support and the National Small Business Council to represent SME interests (Loxton, 1997). From the government's side there are government programmes, provincial development corporations, the Development Bank of Southern Africa, the Department of Labour, the Department of Trade and Industry and other local authorities. A general consensus does, however, exist that national, provincial and local government programmes earmarked to promote SMMEs have been ineffective (Streek (a), 2001). A nationwide survey showed that government assistance is conspicuous by its absence and most SMEs in the survey had not even heard of two key state services: Khula or Ntsika (Haffajee, 2000).

The private sector, in association with the state, also runs programmes to stimulate small businesses. Business Partners (an organisation that offers consulting and financial assistance) with its regional offices, branches and consultants, supplies an indispensable service in this regard on a national basis. At most universities and technikons in South Africa there are institutes where research is done on small businesses and training is offered to small business owners. Among these is the University of the Western Cape's Enterprise Development Unit (EDU) which develops the management capabilities of SMEs by offering training courses and consulting capacity building and research services (Bisseker, 1999 : 44). Another such unit is the Small Business Unit of the University of Port Elizabeth. In the private sector many of the commercial banks also have programmes to assist small businesses. ABSA (the largest commercial bank in South Africa) recently announced its commitment to the SME sector by putting its financial weight behind an entrepreneurship-training programme, named "Entrepreneurship for beginners". The bank felt there was no point in giving people money if they did not know how to manage their own business. According to ABSA there are a large number of people out there who need to be assisted so that they can develop the necessary skills and thereby succeed in managing their own business (Van Huyssteen, 2000:16).

Organised trade and industry are also active in assisting small businesses through consulting and training services (Marx et al, 1998: 755). Examples of these include COMSEC (Community Self-Employment Centre), PERMAC (Port Elizabeth Regional Manufacturing and Advisory Centre) and PERCCI (Port Elizabeth Regional Chamber of Commerce and Industry).

According to Sayling Wen (2001 :51) another important way to accelerate the growth of knowledge in the future is to participate in seminars. Business courses and seminars allow access to instant knowledge and it is important for small business owners to participate frequently. Use of the virtual classroom, where training can be done within the firm, also accelerates knowledge. Numerous workshops, conferences and seminars provide persons with up-to-date practical information.

Methodology

Research design and measuring instrument

Judgmental sampling was used in a survey that was conducted among small business owners-managers operating within a South African context. The researchers used their own judgment in selecting businesses, based on specified criteria relating to size, to participate in the study. The original sample size was 260 and of the questionnaires returned, 220 were useable. “Small business” is a relative concept and for the purpose of this research, businesses were considered as “small businesses” if they employed less than 50 full-time persons.

In an effort to identify the sources of non-financial assistance used by small businesses, a research instrument in the form of a structured questionnaire was developed. The questionnaire consisted of two sections. Demographical information was requested in section A and this included information on ownership, gender, population group, term of ownership, management qualifications, the form of enterprise, the nature of the industry in which the business operates, the number of full-time employees and turnover per annum. Section A also included several statements attempting to measure the perceived success of the business over the last two years. These statements were phrased with a possible response continuum linked to a Likert-style five-point scale (1 = strongly disagree to 5 = strongly agree).

Section B consisted of 27 items relating to various sources of non-financial assistance. Respondents were requested to indicate how often, during the last two years, they had made use of the sources listed. For each of the sources listed a possible response continuum of 1 to 6 was provided (1 = never, 2 = one or twice, 3 = three or more times, 4 = monthly and 5 = weekly and 6 = daily) .

A time period of two years was used as the researchers felt that this would reflect the most recent sources used and be sufficient to establish whether any repetitive uses had emerged. The two-year period was used to measure both the perceived success as

well as the sources used. In this way it was ensured that any relationship that emerged between success and sources used, occurred within the same time period.

Data analysis

Data analyses relating to reported results were conducted in four stages:

- Item analyses consisting of a series of factor analyses to determine which of the items loaded on the various (sources of assistance) categories. This was done to determine which items should be used in summated scales to calculate the source category scores.
- Descriptive statistics such as the mean, standard deviation and frequency distributions were calculated to summarise the sample data distribution. This was done for the individual items and the summated scores relating to the source categories investigated.
- Correlation coefficients were calculated to quantify the relationships between the various summated scores. The statistical significance of these relationships was established by means of critical values corresponding to 95% and 99% significance levels.
- Finally, inferential statistics were used to determine significant relationships between sources categories, demographic variables and success.

Empirical results

Item analyses

A series of factor analyses revealed that the items measuring success loaded onto a single factor and the 27 items relating to the sources used, loaded onto five different categories. These source categories were named Personal acquaintances, Professional acquaintances, Media, Business service providers and Business-related courses/seminars. To evaluate the internal reliability of the questionnaire, Cronbach Alpha coefficients were calculated. A summary of the results is given in Table 1.

Table1: Summary of factor analyses per category

Factors	Number of items	Factor loadings		Cronbach Alpha
		Min	Max	
Success (FA12)	4	0.646	0.844	0.78
Professional acquaintances (FB1a)	4	0.734	0.797	0.78
Personal acquaintances (FB1b)	5	0.538	0.748	0.70
Media (FB2)	7	0.514	0.797	0.80
Business service providers (FB3)	6	0.447	0.841	0.84
Business related courses/seminars (FB4)	4	0.723	0.869	0.82

All factor loadings were in excess of 0.70. This is greater than the cut-off point as prescribed by Nunally (1978:226). Cronbach Alpha measures the internal homogeneity or consistency among a set of items, i.e. the extent to which the same set of respondents replies in a consistent manner to similar items (Diamantopoulous & Schlegelmilch, 1997: 36). The internal reliability of the measuring instrument was thus confirmed.

Demographic and sample characteristics

The majority of respondents were male (80.45%) and both the owners and managers (72.27%) of their small business. Most owner-managers (71.96%) have been in this position for less than ten years, with the median being five years. The majority (61.19%) of owners-managers do not possess a managerial qualification. Only 30.7% of respondents can be described as being previously disadvantaged. The sole trader (31.82%) and close corporation (46.36%) are the most popular forms of enterprise and many small businesses operate in either the service (34.70%) or retail (42.47%) sectors. Sixty-nine percent of respondents employed less than ten employees, with the median being six employees, and most (54.69%) reported an annual turnover of less than one million Rand.

Findings on sources categories and success

Supported by theory, various sources of non-financial assistance were identified by the researchers. As it was being attempted to establish the sources used by small businesses, respondents were required to indicate the number of times the various

sources had been consulted during the last two years. Summated scores were grouped into four categories based on the original six-point scale, namely:

Category	Score
Never	1
Now and then / Sometimes (more than twice a year, but not monthly)	1 < ≤ 3.5
Monthly	3.5 <..... ≤ 4.5
Weekly/daily	> 4.5

Table 2 below contains a summary of the descriptive statistics for the derived factors, representing the sources of non-financial assistance investigated.

Table 2: Descriptive statistics of the source categories investigated

Factor	N	Mean	S.D.	Frequency Distribution							
				Never	Sometimes	Monthly	Weekly/Daily				
Professional acquaintances (FB1a)	220	2.71	1.25	21 9.5%	147 66.8%	33 15.0%	19 8.6%				
Personal acquaintances (FB1b)	220	2.30	0.76	8 3.6%	201 91.4%	10 4.5%	1 0.5%				
Media (FB2)	220	2.82	1.08	13 5.9%	153 69.5%	38 17.3%	16 7.3%				
Business service providers (FB3)	219	1.33	0.59	114 52.1%	103 47.0%	1 0.5%	1 0.5%				
Business-related courses/seminars (FB4)	219	1.40	0.64	117 53.4%	100 45.7%	1 0.5%	1 0.5%				

As indicated in Table 2, it is clear that low mean scores were obtained for all source categories. Only *Media* (2.82), *Professional acquaintance* (2.71) and *Personal acquaintances* (2.30) obtained mean scores of above 2, but less than 3.5. This indicated that these sources were consulted during the two-year period, but not on a regular basis. *Media* obtained the highest mean score with 69.5% of respondents indicating that these sources had been consulted during the past two years. Electronic and print media such as the Internet, television, books and magazines provide a vast amount of information on all business issues and are readily available and accessible to all. *Professional acquaintances* obtained the second highest mean score with 66.8%, indicating that these acquaintances had been approached during the past two

years. *Professional acquaintances* such as bank managers, consultants, lawyers and accountants are often too expensive for the small business owner to approach for advice or information. However as the business grows, regulations prescribe that experts be consulted. Although *Personal acquaintances* only obtained a mean score of 2.30, 91.4 % indicated having sought advice from these acquaintances during the past two years. Friends, families and associates are the most accessible source of advice, but not always available or knowledgeable. *Business service providers* included numerous bodies representing and providing assistance to business, whereas *Business-related courses and seminars* related to workshops, courses and presentation on business issues. The two aforementioned sources both obtained low mean scores of 1.33 and 1.40 respectively, with the majority never having used these as a source of advice or information.

The category *Success* consisted of items to establish whether small business owners perceived their business as being successful, as measured by growth in turnover, profits and employees. In general most owners-managers are of the opinion that their business is successful. The majority of respondents (61.4%) indicated a high score for the category *Success*, scoring a mean of 3.46 on the five-point Likert scale.

Relationships between various sources categories and success

Table 3 below reflects the Pearson Product Moment correlations between the source categories investigated as well as success. Correlations measure the strength of the relationship between two variables.

Table 3: Pearson product moment correlations for the source categories and success

Factor	Correlations					
	FB1a	FB1b	FB2	FB3	FB4	FA12
FB1a	-	0.403 **	0.353 **	0.260 **	0.266 **	0.077
FB1b	0.403 **	-	0.296 **	0.441 **	0.438 **	0.037
FB2	0.353 **	0.296 **	-	0.192 **	0.217 **	0.060
FB3	0.260 **	0.441 **	0.192 **	-	0.968 **	-0.083
FB4	0.266 **	0.438 **	0.217 **	0.968 **	-	0.047
FA12	0.077	0.037	0.060	-0.083	0.047	-
	* significant at 95% C.L. (r >= 0.133.)					
	** significant at 99% C.L. (r >= 0.173)					

As can be seen from Table 3, all the source categories are correlated with each other at the 99% confidence level. None of the source categories, however, correlate with success. No correlational relationship could thus be established between the sources of assistance and success.

Relationships between sources consulted, demographic variables and success

An analysis of covariance (ANCOVA) was undertaken to determine whether significant relationships exist between the selected demographical variables, the sources consulted and perceived success. Two variables namely ownership/management term and number of full-time employees were used as covariates. The ANCOVA results are shown in Table 4 and Table 5.

Table 4: Relationships between sources consulted and demographic variables

	df	FB1a Personal acquaintances		FB1b Professional acquaintances		FB2 Media sources		FB3 Business service providers		FA4 Business- related courses/seminars	
		F	p	F	p	F	p	F	p	F	p
Ownership status	2	0.54	0.5809	0.82	0.4427	0.75	0.4719	0.6	0.5264	0.90	0.4097
Gender	1	0.46	0.4977	0.49	0.4848	0.03	0.8709	0.0	0.9440	0.32	0.5712
Background	2	2.70	0.0696	0.78	0.4581	0.36	0.7014	8.2	0.0008	3.62	0.0287 *
Family business	1	3.39	0.0672	4.75	0.0305 *	0.87	0.3512	0.0	0.9870	0.24	0.6227
Management qualification	1	0.21	0.6452	0.48	0.4877	19.0	0.0001 *	1.4	0.2352	15.3	0.0001 **
Form of enterprise	4	0.43	0.7851	2.69	0.0328 *	1.99	0.0977	4.2	0.0022 **	2.02	0.0932
Nature of Industry	3	0.44	0.7252	1.90	0.1312	3.73	0.0124 *	0.3	0.8132	1.09	0.3556
Ownership / mgt term	1	0.54	0.4652	0.12	0.7334	0.19	0.6661	0.3	0.5830	1.21	0.2737
Number of employees	1	0.51	0.4782	1.22	0.2713	1.93	0.1669	1.5	0.2192	1.02	0.3139
	df=	178		178		178		178		178	
	N=	195		195		195		195		195	

* $p < 0.05$; ** $p < 0.01$

Table 5: Relationships between demographic variables and success

	df	FA12 Success	
		F	p
Ownership status	2	0.45	0.6359
Gender	1	2.68	0.1035
Background	2	1.48	0.2297
Family business	1	1.91	0.1682
Mgt qualification	1	0.77	0.3817
Form of enterprise	4	0.50	0.7389
Nature of Industry	3	3.97	0.009 **
Ownership / mgt term	1	7.61	0.006 **
Number of employees	1	0.94	0.3325
	df=	179	
	N=	196	

* $p < 0.05$; ** $p < 0.01$

From Table 4 it is evident that a significant relationship ($p < 0.05$) exists between the different forms of enterprise and the use of *Professional acquaintances*. The more complex the form of enterprise, the more likely use is made of the professional services of accountants, bank managers and tax experts to name but a few. Family businesses are also more likely to engage the services of professionals than non-family businesses. This is contradictory to the view of Donckels and Lambrecht (1999:175) who found that the heads of family SMEs, play a much more important role personally in contacts with the customers, and pay less attention to training, advice and gathering information from outside sources. A significant difference ($p < 0.01$) is also found between owners-managers with and without a management qualification with regard to the use of media sources. Owners-managers with a management qualification are more likely to make use of the Internet, journals and

magazines to obtain assistance or information concerning business issues. It was also found that the owners-managers of service-orientated firms would be more likely to consult media sources for assistance ($p < 0.05$), than other sectors. Business service providers included various types of agencies, bodies, units and institutes that have been set up to assist, consult and deal with local business issues and the development thereof. A significant difference ($p < 0.01$) was found regarding the use of these bodies and the various population groups. Previously disadvantaged groups were more likely to request or approach these organisations for assistance/information than their white counterparts. More complex businesses are also more likely to engage the services of these institutions.

A significant difference ($p < 0.01$) was also established between owners-managers with a management qualification and those without, in terms of attending business-related courses and seminars. Those with a management qualification are more likely to attend workshops, courses and presentations to obtain information to assist them in managing their business. Previously disadvantaged persons are also more likely to make use of these presentations than their white counterparts. Many organisations and educational institutions are focusing their marketing efforts on previously disadvantaged persons in an effort to address the discrepancies of the past and to enable these persons to become economically and successfully active in the economy of the country. It is thus not surprising that previously disadvantaged persons are more likely to make use of the institutional and educational sources available.

Significant relationships were also found between the nature of the industry ($p < 0.01$) as well as the term of ownership ($p < 0.01$), in terms of the perceptions of success (see Table 5). Service-orientated firms perceived themselves to be more successful than retailers. It is common knowledge that when new firms open they have great difficulties during the first few years and it was surprising to find that respondents who had owned/managed the firm for less than 5 years, perceived themselves to be more successful than those who had been in this position for longer periods.

Summary and Conclusions

The primary objective of this study was to establish which sources of non-financial assistances are used by small business owner-managers. Secondary objectives

included developing a reliable and valid measuring instrument to identify the sources of assistance used by small businesses, and establishing whether statistically significant relationships exist between selected sources of assistance, demographic variables and success.

Judgmental sampling was used in a survey that was conducted among small business owner-managers operating within a South African context. A series of factor analyses revealed that the items measuring success loaded onto a single factor and the 27 sources of non-financial assistance, loaded onto five different categories. These categories were named personal acquaintances, professional acquaintances, media, business service providers and business-related courses and seminars. To evaluate the internal reliability of the questionnaire, Cronbach Alpha coefficients were calculated, with all coefficients in excess of 0.70.

The majority of respondents were male, both the owners as well as the managers of their small businesses and had been in this position for less than ten years. The majority of owners-managers do not possess a managerial qualification and 30.7% of respondents can be described as being previously disadvantaged. The sole trader and close corporation are the most popular forms of enterprise and most small businesses operate in either the service or retail sectors. The majority employed less than ten employees and reported an annual turnover of less than one million Rand.

Low mean scores were obtained for all sources of assistance and only professional acquaintances, personal acquaintances and media sources obtained mean scores of above 2 on a six-point scale. These sources were consulted more than the others, but still not on a regular basis. Media sources obtained the highest score. This is not surprising considering the amount of print and electronic media available today. Professional acquaintances, although not regularly consulted, obtained the second highest mean score. Professional acquaintances, such as bank managers, consultants, lawyers and accountants are often too expensive for the small business owner to approach for advice or information. It is surprising that personal acquaintances such as friends, families and associates were not approached more regularly, as this is a source of assistance that is free and readily available. A possible explanation is that the personal acquaintances of respondents in this case had no or little business knowledge or experience that would be of any help.

The majority indicated never having used the business service providers or had never attended business-related courses or seminars. A possible explanation for

this is that many of the business service providers currently focus their attention on reaching previously disadvantaged persons, whereas the majority of respondents were white. Previously disadvantaged persons are possibly more aware of these bodies and the services that they offer. Previously disadvantaged persons are also possibly more aware of their educational shortcomings than their white counterparts, and thus are more likely to attend business-related courses and seminars.

Despite very little use made of the assistance available, the majority of small business owners-managers perceived their businesses as being successful.

An attempt was made to establish whether any relationship existed between the use of certain sources and success. Pearson Product Moment correlations showed that all the sources categories are correlated with each other at the 99% confidence level. None of the sources categories, however, correlated with success. No relationship could thus be established between the sources of assistance used and success. The results were thus disappointing as it was hoped to establish whether any of these sources used had a positive influence on success.

An analysis of covariance (ANCOVA) was undertaken to determine whether significant differences existed between selected demographical variables, sources consulted and perceived success.

The more complex the form of enterprise, the more likely it is that use is made of the professional services of accountants, bank managers and tax experts to name but a few. Family businesses are also more likely to engage the services of professionals than non-family businesses. Owner-managers with a management qualification are more likely to make use of the Internet, journals and magazines to obtain assistance/information concerning business issues. It was also found that the owner-managers of service-orientated firms would be more likely to consult media sources for assistance/information ($p < 0.05$). Previously disadvantaged persons are more likely to request or approach business service providers for assistance than their white counterparts. More complex businesses are also more likely to engage the services of these service providers. Owner-managers with a management qualification are more likely to attend workshops, courses and presentations to obtain information to assist them in managing their business. Previously disadvantaged persons are also more likely to make use of educational sources than their white counterparts. Many business service providers and suppliers of business-related courses and seminars are focusing their marketing efforts on previously disadvantaged

persons in an effort to address the discrepancies of the past so as to enable these persons to become economically and successfully active in the economy of the country. It is thus not surprising that previously disadvantaged persons are more likely to make use of the institutional and educational sources available. Service-orientated businesses perceived themselves to be more successful than retailers. It is common knowledge that new businesses have great difficulties during the first few years and it was surprising to find that respondents who had owned-managed their businesses for less than five years, perceived themselves to be more successful than those who had been in this position for longer periods.

Although the results of this research reveal that very little use is made of the sources of assistance available, the majority of respondents still perceived their businesses as successful. No significant relationship was thus found between the sources of assistance and success. Based on this it would seem unnecessary to suggest that to improve success small businesses should make more use of the assistance available to them. However, it is maintained that one of the major reasons for small business failure is managerial incompetence and a lack of business skills and knowledge. It would thus seem logical to assume that through making use of the assistance available, managerial competence and business skills will improve, and the failure rate can be reduced.

Managerial implications

To address the issue of managerial incompetence and lack of business skills, it is still vital that the small business owner-managers be aware of and use the assistance available to them. Having his/her own business places severe restriction on the time of the owner. It is not always possible to leave the business during the day to attend courses at formal educational institutions. Many seminars, presentations and educational courses are, however, offered after hours. Considering the variety of sources of assistance available to improve business skills, knowledge and competence, it should not be difficult for the small business owners-managers to identify sources that suit their time and budget constraints. A vast amount of information concerning business issues is available on the Internet and in the print media. Through regular use of these sources, a vast amount of knowledge can be obtained and managerial competence can be improved.

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